

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)

Odea Bank Anonim Şirketi

**Unconsolidated Financial Statements, Related Disclosures and
Independent Auditors' Report Thereon
as of and for the year-ended
31 December 2019**

26 February 2020

This report includes “Auditors’ Report” comprising 4 pages and; “Unconsolidated Financial Statements and Related Disclosures and Footnotes” comprising 108 pages.

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

To the General Assembly of Odea Bank Anonim Şirketi

A) Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Odea Bank Anonim Şirketi ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2019 and the unconsolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Odea Bank Anonim Şirketi as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Board Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Audit Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

Refer to Section III, No: VII to the unconsolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

Key audit matter	How the matter is addressed in our audit
<p>As of 31 December 2019, loans measured at amortised cost comprise 59% of the Bank's total assets.</p> <p>The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> • significant increase in credit risk • incorporating the forward looking macroeconomic information in calculation of credit risk • design and implementation of expected credit loss model <p>The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Bank estimates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the market value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and incorporating the future expectations.</p> <p>Impairment on loans calculation is determined as a key audit matter, due to the significance of the estimates and the level of judgments and its complex structure as explained above.</p>	<p>Our procedures for auditing the expected credit losses on loans include below:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • We evaluated the Banks's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including forward looking information and macroeconomic expectations. • We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis. • We tested the accuracy and completeness of the data in calculation of the data in the calculation models for the loans which are assessed on collective basis. We recalculated the expected credit loss calculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic model which is used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the criteria which are used in determining the significant increase in credit risk. • Additionally, we also evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2018 was audited by another auditor who expressed a qualified opinion and qualified conclusion, due to the general provisions provided by the bank on 27 February 2019.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "BRSA Accounting and Reporting Legislation", and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Regulation and TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Audit Regulation TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the unconsolidated financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Funda Aslanoğlu, SMMM
Partner

26 February 2020
İstanbul, Turkey

Translated into English from the original Turkish report and financial statements

**ODEA BANK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT
AS OF DECEMBER 31, 2019**

Address : Esentepe Mahallesi Büyükdere Cad. Levent 199 ŞİŞLİ/İSTANBUL
Apt. No: 199/119

Telephone : +90 (212) 304 84 44, +90 (212) 304 84 45

Web Site : <http://www.odeabank.com.tr>

Contact E-mail Address : <https://www.odeabank.com.tr/en-us/contact-us/sayfalar/contact-form.aspx>

The unconsolidated financial report as at and for the year-ended prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS’ REPORT

The accompanying unconsolidated financial statements for the year-end period and notes to these financial statements are prepared based on the financial records of the Bank and in accordance with the Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations of these, have been subject to independent audit and presented in **thousands of Turkish Lira** unless otherwise stated.

Samir HANNA	Mert ÖNCÜ	Mehmet Gökmen UÇAR	Öcal PERÇİN
Chairman of the Board of Directors	Member of the Board of Directors and General Manager	Assistant General Manager in charge of Finance, Financial Control and Strategy	Financial Reporting Director
Imad ITANI		Bülent ADANIR	
Vice Chairman of the Board of Directors and Chairman of the Audit Committee		Member of Board of Directors and Audit Committee Member	

Contact information of the personnel in charge of addressing questions about this financial report:

Name-Surname / Title : Öcal Perçin / Financial Reporting Director
Telephone Number : +90 (212) 304 86 55
Fax Number : +90 (212) 304 84 45

**Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish,
See Note I.b of Section three**

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ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Odea Bank A.Ş. ("the Bank") was established as a deposit bank with USD 300 Million capital with the permission of BRSA numbered 4432 dated October 27, 2011, which was published in the Official Gazette on October 28, 2011, numbered 28098. The Bank started its operations in the "foreign deposit banks founded in Turkey" group, by taking operating permission from BRSA numbered 4963 on September 28, 2012, which was published in Official Gazette dated October 2, 2012 numbered 28429.

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of 31 December 2019 and 31 December 2018, the shareholders' structure and their ownerships are summarized as follows:

Name and Surname / Commercial Title	Current Period		Prior Period	
	Share Amount	Share Ratios %	Share Amount	Share Ratios %
Bank Audi sal	2,513.293	76,419%	2,513.293	76,419%
European Bank for Reconstruction and Development	263.394	8,009%	263.394	8,009%
International Finance Corporation	209.252	6,362%	209.252	6,362%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	131.697	4,004%
IFC FIG Investment Company S.a.r.l	112.674	3,426%	112.674	3,426%
Mr. Mohammad Hassan Zeidan	58.532	1,780%	58.532	1,780%
	3,288.842	100,00%	3,288.842	100,00%

The Bank Audi Group (Group), which is ranked among the largest banking groups in the Middle East and North Africa region (MENA), operates in 11 different countries serving its customers a wide range of products and services, including commercial and corporate banking, individual banking, online brokerage, private banking and investment banking.

In addition to its long-term presence in Lebanon, Switzerland and France; the Group operates in Jordan, Egypt, Saudi Arabia, Qatar, Abu Dhabi, Turkey and Iraq, has an asset management company in Monaco. The Group has subsidiaries across the region: two in Lebanon, four in the MENA region outside Lebanon, two in Europe and one main subsidiary in Turkey.

The Group ranks among the top banks in Lebanon in terms of asset size, shareholders' equity, customer deposits, loans and net income. Having one of the largest branch networks in Lebanon, the Group has 213 branches as of 31 December 2019.

The Bank Audi Group, established in 1830, has become a private joint stock company (Société Anonyme Libanaise), limited to 99 years in 1962. The Group's shareholder base has been expanding since 1983, with the first shareholders being the members of the Audi family along with Kuwaiti investors. Today, the Group's shareholder base covers 1.500 shares and/or Global Warehouse certification (GDR) holders representing the shares. The parent bank of the Group, Bank Audi's shares are listed on the Beirut Stock Exchange, while its Global Warehouse Certificates (GDR) are quoted both on the Beirut Stock Exchange and at the London Stock Exchange.

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

<u>Title</u>	<u>Name-Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	Samir HANNA	Chairman	High School
Vice Chairman of the Board of Directors	Imad ITANI	Vice Chairman of the Board of Directors and Chairman of the Audit Committee	Ph.D. Degree
Members of the Board of Directors ^(**)	Marwan GHANDOUR	Member of the Board of Directors	Ph.D. Degree
	Khalil El DEBS	Member of the Board of Directors	Master's Degree
	Philippe Elias Farid EL-KHOURY	Member of the Board of Directors	Master's Degree
	Bülent ADANIR	Member of the Board of Directors and Member of the Audit Committee	Master's Degree
	Dragica PILIPOVIC-CHAFFÉY	Member of the Board of Directors	Master's Degree
	Tamer GHAZALEH	Member of the Board of Directors	Bachelor's Degree
	Mouayed MAKHLOUF	Member of the Board of Directors	Master's Degree
Member of the Board of Directors and General Manager	Mert ÖNCÜ	Member of the Board of Directors and General Manager	Ph.D. Degree
Deputy General Manager ^(*)	Yalçın AVCI	Commercial Banking	Master's Degree
Assistant General Managers ^(*)	Cem MURATOĞLU	Retail Banking	Master's Degree
	Emir Kadir ALPAY	Treasury and Capital Markets	Master's Degree
	Mehmet Gökmen UÇAR	Finance, Financial Control and Strategy	Bachelor's Degree
	Sinan Erdem ÖZER	Technology and Operations	Master's Degree
	Hüseyin GÖNÜL	Internal Systems	Bachelor's Degree
	Cenk DEMİRÖZ	Credit Allocation	Master's Degree

(*) Alpaslan Yurdağül has resigned from his duty as of 31 October 2019 and Yalçın Avcı has been appointed as Deputy General Manager and Cenk Demiröz has been appointed as Credit Allocation Assistant General Manager.

There is no share of the above individuals in the Bank.

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Information About The Persons and Institutions That Have Qualified Shares

Information about the persons and institutions that have qualified shares as of 31 December 2019:

Name and Surname / Commercial Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
Bank Audi sal	2.513.293	76,419%	2.513.293	-

V. Summary on the Bank's Functions and Areas of Activity

The headquarters of the Bank is located in Istanbul and as of 31 December 2019. The Bank has 48 domestic branches with 1.091 employees. The Bank is organized to operate in all operational aspects of commercial, and retail banking under the scope of 4th Article of the Banking Law. The Bank has no subsidiaries in the financial sector (31 December 2018: 45 domestic branches, 1.088 employees).

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Bank has no consolidated subsidiaries.

VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities:

None.

Translated into English from the original Turkish report and financial statements

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Items
- III. Statement of Profit or Loss
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows
- VII. Statement of Profit Distribution

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – ASSETS

		Audited Current Period 31 December 2019			Audited Prior Period 31 December 2018		
	Note Ref (Section Five)	TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		4.030.375	6.746.197	10.776.572	3.987.346	4.148.189	8.135.535
1.1 Cash and cash equivalents		2.801.724	5.433.950	8.235.674	2.820.844	3.920.663	6.741.507
1.1.1 Cash and balances at Central Bank	I-1	190.797	3.426.917	3.617.714	1.022.782	2.976.158	3.998.940
1.1.2 Banks	I-3	550.424	2.008.987	2.559.411	1.058.065	944.809	2.002.874
1.1.3 Receivables from Money Markets		2.060.644	-	2.060.644	740.121	-	740.121
1.1.4 Allowance for expected credit losses (-)		141	1.954	2.095	124	304	428
1.2 Financial assets at fair value through profit or loss	I-2	1.463	2.631	4.094	3.269	-	3.269
1.2.1 Public debt securities		1.463	2.631	4.094	3.269	-	3.269
1.2.2 Equity instruments		-	-	-	-	-	-
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets at fair value through other comprehensive income	I-4	519.598	627.713	1.147.311	300.657	4.801	305.458
1.3.1 Public debt securities		454.788	620.108	1.074.896	295.760	-	295.760
1.3.2 Equity instruments		4.897	7.605	12.502	4.897	4.801	9.698
1.3.3 Other financial assets		59.913	-	59.913	-	-	-
1.4 Derivative financial assets	I-2	707.590	681.903	1.389.493	862.576	222.725	1.085.301
1.4.1 Derivative financial assets at fair value through profit or loss		707.590	681.903	1.389.493	862.576	222.725	1.085.301
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSET MEASURED AT AMORTISED COST (Net)		8.727.759	10.691.408	19.419.167	9.291.634	11.998.653	21.290.287
2.1 Loans	I-5	9.890.346	9.417.865	19.308.211	10.551.880	9.946.465	20.498.345
2.2 Receivables from leasing transactions	I-10	-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Other financial assets measured at amortized cost	I-6	631.544	1.721.085	2.352.629	471.071	2.231.271	2.702.342
2.4.1 Public debt securities		464.877	894.811	1.359.688	471.071	1.495.213	1.966.284
2.4.2 Other financial assets		166.667	826.274	992.941	-	736.058	736.058
2.5 Allowance for expected credit losses (-)		1.794.131	447.542	2.241.673	1.731.317	179.083	1.910.400
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-16	590.474	-	590.474	238.525	-	238.525
3.1 Held for sale		590.474	-	590.474	238.525	-	238.525
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Investments in associates (Net)	I-7	-	-	-	-	-	-
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		-	-	-	-	-	-
4.2 Investments in subsidiaries (Net)	I-8	-	-	-	-	-	-
4.2.1 Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-12	212.317	-	212.317	86.823	-	86.823
VI. INTANGIBLE ASSETS AND GOODWILL (Net)	I-13	74.813	-	74.813	62.942	-	62.942
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		74.813	-	74.813	62.942	-	62.942
VII. INVESTMENT PROPERTIES (Net)	I-14	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		21.454	-	21.454	78.747	-	78.747
IX. DEFERRED TAX ASSETS	I-15	245.840	-	245.840	272.167	-	272.167
X. OTHER ASSETS	I-17	493.682	833.019	1.326.701	627.587	608.005	1.235.592
TOTAL ASSETS		14.396.714	18.270.624	32.667.338	14.645.771	16.754.847	31.400.618

The accompanying notes are an integral part of these financial statements.

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

		Audited Current Period 31 December 2019			Audited Prior Period 31 December 2018		
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-1	8.109.852	13.987.521	22.097.373	8.495.839	13.065.209	21.561.048
II. LOANS RECEIVED	II-3	16.497	1.843.922	1.860.419	2.549	3.004.633	3.007.182
III. MONEY MARKET FUNDS	II-4	9.013	169.591	178.604	100	-	100
IV. MARKETABLE SECURITIES (Net)	II-5	760.000	-	760.000	207.110	-	207.110
4.1 Bills		760.000	-	760.000	207.110	-	207.110
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-2	568.129	692.781	1.260.910	971.302	221.318	1.192.620
7.1 Derivative financial liabilities at fair value through profit or loss		568.129	692.781	1.260.910	855.261	221.318	1.076.579
7.2 Derivative financial liabilities at fair value through other comprehensive income	II-8	-	-	-	116.041	-	116.041
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	II-7	165.095	2.084	167.179	-	-	-
X. PROVISIONS	II-9	108.822	18.609	127.431	109.730	21.594	131.324
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		14.571	-	14.571	11.847	-	11.847
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		94.251	18.609	112.860	97.883	21.594	119.477
XI. CURRENT TAX LIABILITIES	II-10	42.265	-	42.265	48.582	-	48.582
XII. DEFERRED TAX LIABILITIES	II-10	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-11	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-12	-	1.735.813	1.735.813	-	1.636.012	1.636.012
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		-	1.735.813	1.735.813	-	1.636.012	1.636.012
XV. OTHER LIABILITIES	II-6	171.433	966.330	1.137.763	227.591	169.227	396.818
XVI. SHAREHOLDERS' EQUITY		3.275.982	23.599	3.299.581	3.218.328	1.494	3.219.822
16.1 Paid-in capital	II-13	3.288.842	-	3.288.842	3.288.842	-	3.288.842
16.2 Capital reserves		(2.198)	-	(2.198)	(2.198)	-	(2.198)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(2.198)	-	(2.198)	(2.198)	-	(2.198)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		708	3.279	3.987	2.700	1.494	4.194
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		(28.868)	20.320	(8.548)	(88.901)	-	(88.901)
16.5 Profit reserves		(53.624)	-	(53.624)	735	-	735
16.5.1 Legal reserves	II-13	26.149	-	26.149	25.291	-	25.291
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		(79.773)	-	(79.773)	(24.556)	-	(24.556)
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		71.122	-	71.122	17.150	-	17.150
16.6.1 Prior periods profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		71.122	-	71.122	17.150	-	17.150
16.7 Minority Shares	II-14	-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13.227.088	19.440.250	32.667.338	13.281.131	18.119.487	31.400.618

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

AS OF 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

				Audited Current Period 31 December 2019			Audited Prior Period 31 December 2018	
		Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		13,954,069	71,068,645	85,022,714	16,577,715	69,256,341	85,834,056
I.	GUARANTEES	III-1	858,528	2,915,929	3,774,457	842,498	2,843,284	3,685,782
1.1	Letters of guarantee		848.364	926.587	1,774.951	837.641	957.928	1,795.569
1.1.1	Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		848.364	926.587	1,774.951	837.641	957.928	1,795.569
1.2	Bank acceptances		-	395.765	395.765	4.857	646.200	651.057
1.2.1	Import letter of acceptance		-	395.765	395.765	4.857	646.200	651.057
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		10.164	739.775	749.939	-	669.337	669.337
1.3.1	Documentary letters of credit		10.164	739.775	749.939	-	669.337	669.337
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Prefinancing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for Securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	853.802	853.802	-	569.819	569.819
1.9	Other collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-1	2,304,896	1,888,880	4,193,776	1,059,791	7,405,555	8,465,346
2.1	Irrevocable commitments		2,304.896	1,888.880	4,193.776	1,059.791	7,405.555	8,465.346
2.1.1	Forward asset purchase and sales commitments		41.440	1,878.130	1,919.570	295.906	7,335.418	7,631.324
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		180.846	268	181.114	171.113	60.801	231.914
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Payment commitment for checks		57.317	-	57.317	58.384	-	58.384
2.1.8	Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9	Commitments for credit card expenditure limits		2,025.293	-	2,025.293	534.388	-	534.388
2.1.10	Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12	Payables for short sale commitments		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		-	10.482	10.482	-	9.336	9.336
2.2.	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		10,790,645	66,263,836	77,054,481	14,675,426	59,007,502	73,682,928
3.1	Derivative financial instruments for hedging purposes		-	-	-	800.000	-	800.000
3.1.1	Fair value hedge		-	-	-	-	-	-
3.1.2	Cash flow hedge		-	-	-	800.000	-	800.000
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Trading derivatives		10,790.645	66,263.836	77,054.481	13,875.426	59,007.502	72,882.928
3.2.1	Forward foreign currency buy/sell transactions		1,477.974	3,847.264	5,325.238	1,983.668	2,513.650	4,497.318
3.2.1.1	Forward foreign currency transactions-buy		1,170.486	1,488.792	2,659.278	1,516.808	786.294	2,303.102
3.2.1.2	Forward foreign currency transactions-sell		307.488	2,358.472	2,665.960	466.860	1,727.356	2,194.216
3.2.2	Swap transactions related to foreign currency, and interest rates		7,676.360	59,039.793	66,716.153	7,249.820	49,321.679	56,571.499
3.2.2.1	Foreign currency swaps-buy		1,339.859	13,320.243	14,660.102	1,287.179	9,179.708	10,466.887
3.2.2.2	Foreign currency swaps-sell		2,796.501	11,801.534	14,598.035	3,164.239	7,302.811	10,467.050
3.2.2.3	Interest rate swaps-buy		1,770.000	16,959.008	18,729.008	1,399.201	16,419.580	17,818.781
3.2.2.4	Interest rate swaps-sell		1,770.000	16,959.008	18,729.008	1,399.201	16,419.580	17,818.781
3.2.3	Foreign currency, interest rate and securities options		1,636.311	3,376.779	5,013.090	4,641.938	7,172.173	11,814.111
3.2.3.1	Foreign currency options-buy		609.888	1,683.030	2,292.918	2,321.435	3,155.683	5,477.118
3.2.3.2	Foreign currency options-sell		1,026.423	1,284.941	2,311.364	2,320.503	3,260.630	5,581.133
3.2.3.3	Interest rate options-buy		-	204.404	204.404	-	377.930	377.930
3.2.3.4	Interest rate options-sell		-	204.404	204.404	-	377.930	377.930
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		70,419,539	45,929,521	116,349,060	66,328,631	44,036,050	110,364,681
IV.	ITEMS HELD IN CUSTODY		1,824,852	443,421	2,268,273	427,543	334,423	761,966
4.1	Assets under management		1,009.360	-	1,009.360	72.163	-	72.163
4.2	Investment securities held in custody		702.513	225.200	927.713	206.929	32.605	239.534
4.3	Checks received for collection		1.061	195.025	196.086	2.843	233.584	236.427
4.4	Commercial notes received for collection		111.918	23.196	135.114	145.608	68.234	213.842
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		68,594,687	45,486,100	114,080,787	65,901,088	43,701,627	109,602,715
5.1	Marketable securities		-	-	-	-	-	-
5.2	Guarantee notes		25,391.867	6,109.638	31,501.505	25,360.317	5,538.591	30,898.908
5.3	Commodities		9,168.853	-	9,168.853	4,015.884	-	4,015.884
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		24,972.330	24,768.570	49,740.900	26,108.685	22,429.525	48,538.210
5.6	Other pledged items		9,061.637	14,607.892	23,669.529	10,416.202	15,733.511	26,149.713
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF - BALANCE SHEET ITEMS (A+B)			84,373,608	116,998,166	201,371,774	82,906,346	113,292,391	196,198,737

The accompanying notes are an integral part of these financial statements.

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. INCOME AND EXPENSE ITEMS

	Note (Section Five)	Audited Current Period 1 January- 31 December 2019	Audited Prior Period 1 January- 31 December 2018
I. INTEREST INCOME	IV-1	2.954.151	3.361.368
1.1 Interest on loans		2.253.133	2.705.675
1.2 Interest received from reserve deposits		32.273	53.322
1.3 Interest received from banks		185.879	211.783
1.4 Interest received from money market transactions		126.403	83.140
1.5 Interest received from marketable securities portfolio		305.830	249.059
1.5.1 Financial assets at fair value through profit or loss		786	1.062
1.5.2 Financial assets at fair value through other comprehensive income		73.377	65.433
1.5.3 Financial assets measured at amortized cost		231.667	182.564
1.6 Finance lease income		-	-
1.7 Other interest income		50.633	58.389
II. INTEREST EXPENSE	IV-2	2.002.074	2.330.181
2.1 Interest on deposits		1.553.318	2.067.434
2.2 Interest on funds borrowed		84.829	131.514
2.3 Interest on money market transactions		7.040	2.292
2.4 Interest on securities issued		271.116	126.590
2.5 Finance lease interest expenses		33.895	-
2.6 Other interest expenses		51.876	2.351
III. NET INTEREST INCOME (I - II)		952.077	1.031.187
IV. NET FEES AND COMMISSIONS INCOME		106.961	118.906
4.1 Fees and commissions received		131.898	153.516
4.1.1 Non-cash loans		46.573	35.831
4.1.2 Other		85.325	117.685
4.2 Fees and commissions paid (-)	IV-12	24.937	34.610
4.2.1 Non-cash loans		-	-
4.2.2 Other	IV-12	24.937	34.610
V. DIVIDEND INCOME	IV-3	13	17
VI. TRADING PROFIT/LOSS (Net)	IV-4	10.849	45.038
6.1 Profit/losses from capital market transactions		28.379	(58.430)
6.2 Profit/losses from derivative financial transactions		179.642	796.680
6.3 Foreign exchange profit/losses		(197.172)	(693.212)
VII. OTHER OPERATING INCOME	IV-5	191.739	144.369
GROSS PROFIT FROM OPERATING ACTIVITIES			
VIII. (III+IV+V+VI+VII)		1.261.639	1.339.517
IX. EXPECTED CREDIT LOSSES (-)	IV-6	536.037	664.815
X. OTHER PROVISION EXPENSES (-)	IV-6	-	-
XI. PERSONNEL EXPENSES (-)		252.416	212.922
XII. OTHER OPERATING EXPENSES (-)	IV-7	383.108	445.150
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		90.078	16.630
EXCESS AMOUNT RECORDED AS INCOME AFTER			
XIV. MERGER		-	-
PROFIT/LOSS FROM EQUITY METHOD APPLIED			
XV. SUBSIDIARIES		-	-
XVI. NET MONETARY POSITION GAIN/LOSS		-	-
PROFIT/LOSS BEFORE TAXES FROM CONTINUING			
XVII. OPERATIONS (XIII+...+XVI)	IV-8	90.078	16.630
PROVISION FOR TAXES ON INCOME FROM			
XVIII. CONTINUING OPERATIONS (±)	IV-9	(18.956)	520
18.1 Current tax provision		-	-
18.2 Expense effect of deferred tax (+)		(19.506)	-
18.3 Income effect of deferred tax (-)		550	520
NET PROFIT/LOSS FROM CONTINUING OPERATIONS			
(XVII±XVIII)	IV-10	71.122	17.150
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from assets held for sale		-	-
20.2 Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3 Other income from discontinued operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on assets held for sale		-	-
21.2 Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3 Other expenses from discontinued operations		-	-
PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED			
XXII. OPERATIONS (±) (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS			
(XXII±XXIII)		-	-
XXIV. NET PROFIT/LOSSES (XIX+XXIV)	IV-11	71.122	17.150
Profit / Loss per Share		0,022	0,005

The accompanying notes are an integral part of these financial statements.

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited Current Period 1 January- 31 December 2019	Audited Prior Period 1 January- 31 December 2018
I. CURRENT PERIOD PROFIT / (LOSS)	71.122	17.150
II. OTHER COMPREHENSIVE INCOME	80.146	(88.703)
2.1 Other comprehensive income that will not be reclassified to profit or loss	(207)	198
2.1.1 Gains (Losses) on revaluation of property, plant and equipment	-	-
2.1.2 Gains (losses) on revaluation of intangible assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	(2.554)	(706)
2.1.4 Other Components of other comprehensive income that will not be reclassified to profit or loss	2.288	960
2.1.5 Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	59	(56)
2.2 Other comprehensive income that will be reclassified to profit or loss	80.353	(88.901)
2.2.1 Exchange differences on translation	-	-
2.2.2 Valuation and/or reclassification profit or loss from financial assets at fair value through other comprehensive income	71.917	(25.696)
2.2.3 Income (loss) related with cash flow hedges	31.100	(88.280)
2.2.4 Income (loss) related with hedges of net investments in foreign operations	-	-
2.2.5 Other components of other comprehensive income that will be reclassified to other profit or loss	-	-
2.2.6 Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	(22.664)	25.075
III. TOTAL COMPREHENSIVE INCOME (I+II)	151.268	(71.553)

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

							Other Comprehensive Income/Expense Items Not To Be Recycled To Profit and Loss			Other Comprehensive Income/Expense Items To Be Recycled To Profit and Loss						
		Note (Section Five)	Paid- In Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Tangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Recycled to Profit or Loss)	Translation Differences	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income(*)	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit Reserves (*)	Prior Period Income and Losses	Current Year Income and Losses (**)	Total Shareholders' Equity
	Current Period 31/12/2019															
I.	Balance at the beginning of the period		3.288.842	-	-	(2.198)	-	(551)	4.745	-	(20.043)	(68.858)	735	-	17.150	3.219.822
II.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	-	-	-	-	(71.509)	-	-	(71.509)
2.1	Effect of adjustment (**)		-	-	-	-	-	-	-	-	-	-	(10.047)	-	-	(10.047)
2.2	Effect of changes in accounting policies	XXIII	-	-	-	-	-	-	-	-	-	-	(61.462)	-	-	(61.462)
III.	New Balance (I-II)		3.288.842	-	-	(2.198)	-	(551)	4.745	-	(20.043)	(68.858)	(70.774)	-	17.150	3.148.313
IV.	Total comprehensive income (loss)		-	-	-	-	-	(1.992)	1.785	-	56.095	24.258	-	-	71.122	151.268
V.	Capital increase in cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	-	17.150	-	(17.150)	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves (***)		-	-	-	-	-	-	-	-	-	-	17.150	-	(17.150)	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	End Balance (III+IV+.....+X+XI)		3.288.842	-	-	(2.198)	-	(2.543)	6.530	-	36.052	(44.600)	(53.624)	-	71.122	3.299.581

(*) In accordance with the option provided by the transition provisions of TFRS 16 "Leases", the Bank did not restate the prior period financial statements but the transition effect of the standard amounting to TL 61.462 as decrease has been recognized in the "Extraordinary Reserves" in equity as of 1 January 2019. Transition impacts regarding TFRS 16 has been presented in Section Three – note XXIII in detail.

(**) For credit card exposures subject to non-performing asset sale, the accruals related to relevant cards have not been derecognized from the statement of financial position and the impact of such error amounting to TL 10.047 is reflected to shareholders' equity as an adjustment as per TAS 8.

(***) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2019 to book legal reserves of TL 858, which is 5% of the distributable net statutory profit of TL 17.150 and the remaining amount of TL 16.292 has been decided to be reserved as extraordinary reserves.

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ **UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY** **FOR THE YEAR ENDED 31 DECEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

							Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss						
		Note (Section Five)	Paid- In Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Tangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit Reserves (*)	Prior Period Income and Losses	Current Year Income and Losses(**)	Total Shareholders' Equity
	Prior Period 31/12/2018															
I.	Balance at the beginning of the period		3.288.842	-	-	(2.198)	-	-	3.251	-	(34.338)	-	182.001	-	320.572	3.758.130
II.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	745	-	34.338	-	(501.838)	-	-	(466.755)
2.1	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes made in accounting policies		-	-	-	-	-	-	745	-	34.338	-	(501.838)	-	-	(466.755)
III.	New Balance (I-II)		3.288.842	-	-	(2.198)	-	-	3.996	-	-	-	(319.837)	-	320.572	3.291.375
IV.	Total comprehensive income (loss)		-	-	-	-	-	(551)	749	-	(20.043)	(68.858)	-	-	17.150	(71.553)
V.	Capital increase in cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	-	320.572	-	(320.572)	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	320.572	-	(320.572)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	End Balance (III+IV+.....+X+XI)		3.288.842	-	-	(2.198)	-	(551)	4.745	-	(20.043)	(68.858)	735	-	17.150	3.219.822

(*) In accordance with the option provided by the transition provisions of TFRS 9 "Financial Instruments", the Bank did not restate the prior period financial statements but the transition effect of the standard amounting to TL 1.838 has been recognized in the "Extraordinary Reserves" in equity as of January 2018 and negative difference amounting to TL 35.083 for the securities the difference is classified under shareholders' equity under "the difference in the fair value reserves of accumulated revaluation and / or classification gains on financial assets that are reflected in other comprehensive income".

(**) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2018 to book legal reserves of TL 16.028, which is 5% of the distributable net statutory profit of TL 320.572 and the remaining amount of TL 304.544 has been decided to be reserved as extraordinary reserves.

The accompanying notes are an integral part of these financial statements.

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Audited Current Period 1 January- 31 December 2019	Audited Prior Period 1 January- 31 December 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit / (loss) before changes in operating assets and liabilities		1.706.333	190.116
1.1.1 Interest received		2.880.235	3.237.394
1.1.2 Interest paid		(1.858.303)	(2.251.993)
1.1.3 Dividend received		13	17
1.1.4 Fees and commissions received		131.898	143.619
1.1.5 Other income/(expense)		213.135	129.028
1.1.6 Collections from previously written off loans		245.527	205.067
1.1.7 Payments to personnel and service suppliers		(496.659)	(533.674)
1.1.8 Taxes paid		(143.054)	(315.211)
1.1.9 Others	VI-1	733.541	(424.131)
1.2 Changes in operating assets and liabilities		(1.036.533)	(1.258.206)
1.2.1 Net (increase) decrease in financial assets held for trading at fair value through profit or loss		(1.130)	(2.521)
1.2.2 Net (increase) decrease in due from banks		(862.474)	(758.463)
1.2.3 Net (increase) decrease in loans		(288.404)	2.799.034
1.2.4 Net (increase) decrease in other assets	VI-1	(267.622)	(1.069.042)
1.2.5 Net increase (decrease) in bank deposits		147.645	559.568
1.2.6 Net increase (decrease) in other deposits		(1.102.471)	(2.956.634)
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss		1.615.115	(123.964)
1.2.8 Net increase (decrease) in funds borrowed		(992.477)	(48.018)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	VI-1	715.285	341.834
I. Net cash provided from banking operations		669.800	(1.068.090)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(569.034)	692.456
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries		-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(67.941)	(14.086)
2.4 Fixed assets sales		148.191	79.529
2.5 Cash paid for purchase of financial assets available for sale		(1.058.555)	(265.352)
2.6 Cash obtained from sale of financial assets available for sale		-	922.463
2.7 Cash paid for purchase of investment securities		(355.359)	(1.409.714)
2.8 Cash obtained from sale of investment securities		764.630	1.379.616
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		561.893	215.970
3.1 Cash obtained from funds borrowed and securities issued		3.849.820	460.149
3.2 Cash used for repayment of funds borrowed and securities issued		(3.293.000)	(244.179)
3.3 Issued equity instrument		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		5.073	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		459.324	849.370
V. Net increase in cash and cash equivalents		1.121.983	689.706
VI. Cash and cash equivalents at beginning of the period	VI-2	5.287.542	4.597.836
VII. Cash and cash equivalents at end of the period	VI-2	6.409.525	5.287.542

The accompanying notes are an integral part of these financial statements.

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period 31.12.2019 (*)	Audited Prior Period 31.12.2018 (***)
I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS)		
1.1 CURRENT YEAR INCOME	90.078	16.630
1.2 TAXES AND DUTIES PAYABLE (-)	18.956	520
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	18.956	520
A. NET INCOME FOR THE YEAR (1.1-1.2)	71.122	17.150
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	858
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	71.122	16.292
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	16.292
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (**)	-	-
3.1 TO OWNERS OF ORDINARY SHARES	0,022	0,005
3.2 TO OWNERS OF ORDINARY SHARES (%)	2,2%	0,5%
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) It shows with full TL amount.

(***) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2019 to book legal reserves of TL 858, which is 5% of the distributable net statutory profit of TL 17.150 and the remaining amount of TL 16.292 has been decided to be reserved as extraordinary reserves.

The accompanying notes are an integral part of these financial statements.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

a. The preparation of the unconsolidated financial statements and related notes and explanations in accordance with the Turkish Financial Reporting Standards and regulation on the Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The unconsolidated financial statements have been prepared in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” published in the Official Gazette no.26333 dated 1 November 2006 with regard to Banking Law No. 5411, and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by those, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (all “Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Legislation).

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. The accompanying unconsolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

In preparing the unconsolidated financial statements in accordance with “BRSA Accounting and Financial Reporting Legislation”, the Bank management has to make assumptions and estimates about the assets and liabilities in the balance sheet. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss. The assumptions and estimates used are explained in the related notes.

b. Information on accounting policies and changes in financial statements:

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, TFRS.

In accordance with the Communiqué on the Amendment to the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks that published in the Official Gazette dated 1 February 2019 and numbered 30673, the financial statements of the previous year have been aligned with the new financial statements.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in section three notes II to XXIII.

c. Changes in accounting policies and disclosures

The Bank has started to apply TFRS 16 Leases standard in the accompanying unconsolidated financial statements starting from 1 January 2019 for the first time based on the regulation published in the Official Gazette no. 29826 dated 16 April 2018 which came into force starting from 1 January 2019. The effects of TFRS 16 on the financial statements of the Bank are presented in section three, note XXIII.

Standards effective as of 1 January 2019

TFRS 16 Leases

TFRS 16 Leases standard (“TFRS 16”), effective starting from 1 January 2019, removes the distinction between operating and finance leases applied by the lessee in TAS 17 Leases (“TAS 17”). Instead, it is set forth a single accounting model similar to the accounting of finance leases on balance sheet. For lessors, the accounting stays almost the same.

ODEA BANK ANONİM ŞİRKETİ
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FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Basis of Presentation (continued)

Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank's main activities comprise retail, commercial and corporate banking, money market and securities market operations.

The Bank uses financial assets intensely by its nature. The Bank's basic strategy regarding the use of financial assets is intended for ensuring the balance between the profits from and risk levels of assets.

The most important funding source of the Bank is the deposits accepted for various time periods and apart from deposits, the most important funding sources are equity, securities issued and generally medium and long term borrowings obtained from foreign financial institutions. In order to use these sources in high-yield and high-quality financial assets, the Bank follows an effective asset-liability management strategy. The Bank manages interest rate risk, liquidity risk, exchange rate risk and credit risk carried on in and off balance sheet assets and liabilities within the framework of internal and legal limits.

The Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. Foreign currency denominated assets and liabilities are translated into TL with the prevailing buying rate of exchange of the Bank on reporting date and gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

III. Explanations on Futures and Options Markets (VIOP) and Derivative Instruments

The derivative transactions mainly consist of options, foreign currency swaps, interest rate swaps, and foreign currency forward contracts. Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. The changes in their fair values are recorded on balance sheet under "the portion of derivative financial assets measured at fair value through profit and loss" or "the portion of derivative financial liabilities measured at fair value through profit and loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "income / losses from derivative transactions under income statement.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to "TFRS – 9 Financial Instruments" in case the related embedded derivative's economic features and risks are not closely related to the host contract, another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and the hybrid instrument is not carried at fair value through profit or loss. If the underlying contract is closely related to the embedded derivative, the embedded derivative is accounted for in accordance with the standard which the underlying contract is based on without any separation from the contract.

Derivative financial instruments held for hedging purpose

The Bank applied cash flow hedge accounting to mitigate interest rate changes on TL deposit through interest rate swaps.

The Bank utilizes derivative instruments effectively in the process of asset and liability management. TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank continues to apply hedge accounting in accordance with TAS 39 in this context.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on Futures and Options Markets (VIOP) and Derivative Instruments (continued)

Derivative financial instruments held for hedging purpose (continued)

Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement.

The Bank hedges its cash flow risk arising from Turkish Lira floating interest rate liabilities by using interest rate swaps. Within the scope of cash flow hedge accounting the fair values being positive or negative and effective portions in the equity under "Other Comprehensive Income Items to be recycled to profit and loss" and ineffective portions in the income statement under "profit / loss from derivative financial transaction".

In the periods in which the cash flows (interest expenses) of the hedged item affects the income statement, the profit/ loss of the hedging instrument is recycled to the income statement from equity.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the ("Dollar off-set model") and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective.

When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized to income statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in income statement considering the original maturity.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the statement of income by using the "Effective interest method". Starting from January 1, 2018, Bank has started accruing interest income on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are accrued through effective interest rate and reclassification is made between the accounts of "expected credit losses" expense and "interest income from loans" for such calculated interest amount.

V. Explanations on Fees and Commission Income and Expenses

Fees and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with "TFRS 15 - Revenue from Customer Contracts". Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest method" according to the nature of the fee and commission. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third party real person or corporate body are recognized when realized.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects.

Basically, financial instruments create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority.

The methods and assumptions used in the recognition and measurement of financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions:

Cash and cash equivalents comprise cash on hand, demand placements, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash and are carried at amortized cost. The book values of these assets are their fair values.

Financial Assets at Fair Value Through Profit and Loss:

"Financial assets at fair value through profit/loss" are financial assets that are either managed by a model other than the ones that are managed with a business model of hold to collect contractual cash flows or with a business model of hold to collect contractual cash flows or to sell financial assets, or being subject to mentioned business models, of which cash flows does not meet the "solely for the payments of principal and interest" criteria.

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Transaction costs related to such assets are recorded as expense at the time of occurrence.

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VI. Explanations on Financial Assets (continued)

Financial Assets at Fair Value Through Other Comprehensive Income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows which are solely payments of principal and interest are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the receipt of consideration against that asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted for under the "other comprehensive income or expense items to be recycled to profit or loss" under shareholders' equity.

Equity instruments, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial Assets Measured at Amortized Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted for in the income statement.

"Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Bank include Consumer Price Indexed (CPI) bonds. These securities are valued and accounted for using the effective interest method based on the CPI of two months before the reporting date together with the real coupon rates and the reference index at the issuance date, with the index coefficient generated on the inflation rate is estimated by the Bank. The inflation rate estimated by the inflation expectations of Central Bank and the Bank, is updated when necessary during the year. Securities are valued at the end of the year with reference index announced by the Ministry of Treasury and Finance.

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VI. Explanations on Financial Assets (continued)

Loans and Receivables:

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method".

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses in the statement of income.

Derecognition of a financial asset:

Before evaluating whether, and to what extent, derecognition is appropriate, the Bank determines whether those criteria should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety. Criteria is applied to a part of financial asset (or a part of a group of similar financial assets) if, and only if, the part being considered for derecognition meets one of the following three conditions: (i) The part comprises only specifically identified cash flows from a financial asset (or a group of similar financial assets) (ii) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a group of similar financial assets) (iii) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

A financial asset (or, a part of a financial asset or a part of group of financial assets, where appropriate) is derecognized when, and only when,

- The contractual rights to the cash flows from the financial asset expire; or
- The contractual rights to the cash flows from the financial asset are transferred; or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in the arrangement without material delay and:
- If the entity transfers substantially all the risks and rewards of ownership of the financial asset or,
- If the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, whether it has retained control of the financial asset.

If the Bank transfers the contractual rights to the cash flows from the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in the arrangement without material delay and if the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the entity shall determine whether it has retained control of the financial asset and it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. In this case, the entity also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

The Bank has evaluated the non-performing loan portfolio of which contractual rights are transferred to the asset management companies, in the context of above statements and derecognizes the loans that are subject to agreements in which all risks and rewards are transferred to the buyer.

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VII. Explanations on Expected Credit Losses

As of 1 January 2018, a loss allowance for expected credit losses is provided by Bank for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets which are not measured at fair value through profit or loss, commitments and financial guarantee contracts in accordance with TFRS 9 International Financial Reporting Standard and "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside" published in the Official Gazette No. 29750 dated 22 June 2016. Equity instruments are not subject to impairment assessment as they are measured at fair value.

The Bank has started its credit calculation method with the expected credit loss models as of 1 January 2018. Expected credit losses include a probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that are current conditions and forecasts of future economic conditions and the time value of money. The financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

They are financial assets that do not have a significant increase in credit risk at initial recognition or since initial recognition. Loss allowance for impairment of credit risk for these assets is recorded in the amount of 12-month expected credit loss.

Stage 2:

In the case of a significant increase in credit risk since initial recognition the financial asset is transferred to Stage 2. Loss allowance for impairment of credit risk is determined on the basis of the instrument's lifetime expected credit losses.

Stage 3 (Default):

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. In the calculation of expected credit losses, probability of default is considered as 100%. In determining the impairment, the Bank considers the following criteria:

- Delinquency in interest and/or principal payments by more than 90 days or,
- Having the opinion that collection of principal and /or interest will be past due more than 90 days from its maturity or due date due to reasons such as having problems in the financing operating capital or creating additional liquidity due to unfavourable developments in macroeconomic conditions or in the sectors the debtor operates or, independent from all, due to adverse developments peculiar to the debtor

The collections made based on provision provided for loans in the current period are deducted from "Expected Credit Losses" account in income statement, and the principal collections made in respect of loans that have been provision set aside in the previous periods or write-off exposures under off-balance sheet are recognized under "Other Operating Income" account.

Significant Increase in Credit Risk

The Bank performs qualitative and quantitative assessments for the determination of financial assets that will be classified as Stage 2 due to the significant increase in credit risk.

To make the quantitative assessment, the Bank compares the rating information of the financial asset at the reporting date with the rating information at the date of initial recognition. The change above the defined threshold is considered as significant increase in credit risk, meaning that the credit is classified under Stage 2 loans.

Within the scope of qualitative assessments, the financial asset have been taken into account as Stage 2, if any of the following criteria occurs:

- Delinquency in principal and/or interest payments, which is between 30 days and 90 days,
- Watchlist exposures,
- Forborne exposures,
- The other retail exposures which belong to an obligor who has a retail exposure that is classified as non-performing loans.

Measurement of Expected Credit Losses

ECL is estimated according to several macroeconomic scenarios and final ECL is an average of each scenario's ECL weighted by scenario probabilities. The parameters subject to the expected credit loss measurement are as follows:

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VII. Explanations on Expected Credit Losses (continued)

Exposure at Default (EAD): The EAD represents the incurred amortized cost for cash obligations as of reporting date. It refers to the value calculated through credit conversion factors for non-cash loans and commitments.

Credit Conversion Factor (CCF): As of the reporting date, CCF corresponds to the rate used to convert non-cash loans and commitments to loan equivalents. Conversion rates are determined based on Circular 2016/1 published by local regulatory (BRSA) under the Basel 1 Framework.

Lost Given Default (LGD): It represents the economic loss incurred on the loan, if a loan defaults. It is represented as a percentage. The recovery rate summarizes all cash flows from the customer after default, including collections through cash, prior lien mortgages and vehicle pledges. In this context, different LGD values are calculated for the segments in the retail and non-retail portfolios using historical data.

Probability of Default (PD): PD represent the likelihood of default over a specified time period. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

The Bank uses two separate internal rating systems for non-retail portfolio in the Corporate and SME segment. The both internal rating models include the borrower's financial information and the answers to the qualitative question set. PD's used in ECL calculation consider both current conditions and historical data. For retail portfolio, the cumulative multiplication of the 12-month averages of the roll rates for each delinquency buckets on the basis of products that are sharing common characteristics is considered as PD.

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as "Base", "Upside" and "Downside". Macroeconomic scenarios should be reviewed and updated if necessary at least on an annual basis or earlier in case of a major event necessitating a review. Each scenario has its own probability to occur. The expected credit loss amount corresponding to each scenario is discounted to the net present value by using the exposure's contractual rate of interest.

If the loan classified under Stage 1, expected credit losses is calculated by considering 12-month PDs. The Bank calculates expected 12-month credit loss on the basis of a 12-month anticipation of default following the reporting date. The marginal PDs calculated as the difference between the cumulative PDs in two consecutive periods multiplied by the total loss in default calculated on EAD amounts for each horizon. This calculation is performed for each of the three scenarios as described above, each scenario is discounted to the net present value by using the exposure's contractual rate of interest from related date and final ECL is derived from average of each scenario ECL weighted by scenario probabilities.

If the loan classified under Stage 2, expected credit losses is calculated by considering lifetime. The expected credit loss measurement, including the use of forward-looking macroeconomic scenarios is similar to that described above however the probability of default is estimate lifetime of the financial instrument.

For non-retail loans classified under Stage 3, ECL estimated based on individual assessment in accordance with internal policies and IFRS9. Expected credit loss calculation is performed by discounting the expected collections of the financial instrument to its net present value with a defined interest rate.

In addition, the Bank assesses a certain portion of Stage 2 non-retail loans individually in the calculation of the expected credit losses based on TFRS 9. The Bank makes such calculation by taking into account of expected cash flows.

For retail products sharing similar credit risk characteristics, a collective approach is used for ECL measurement. In making this calculation, the Bank takes into consideration the transition rates between the buckets in the thirty-day intervals past due of the financial assets sharing the similar credit risk characteristics as of the end of the month. The probability of loss for related bucket is calculated by multiplying the average of the 12-month transition rates corresponding to each bucket with the average of the 12-month transition rates of afterthought buckets. The outstanding balance per bucket is multiplied by the probability of loss, LGD and weighted average remaining maturity. Finally, expected credit loss is computed by applying the respective impact from the forward looking model which accounts 3 probability weighted scenarios considering the stage and the remaining maturity of the retail product.

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VII. Explanations on Expected Credit Losses (continued)

Approaches to Determine Forward Looking Economic Scenario

As mentioned above, by using scenarios related to macroeconomic factors, the effect of future expectations is included in the calculation of ECL. The macro indicators that make up these macroeconomic forecasting models are Gross Domestic Product (GDP) and unemployment rate. That macroeconomic model contains more than one scenario that are considered along with their respective probability of occurrence and the weighted average of the results of this scenarios is taken into account in ECL calculations.

Behavioural Maturity Calculation Methodology

The loss allowance for expected credit losses is measured for loans in Stage 1 until the end of maturity for those with less than one year of maturity and one year for loans with a remaining maturity of more than one year. For loans in Stage 2, lifetime (up to maturity) expected credit losses is measured. This calculation is based on the remaining maturity information for each loan. While using this information for products with maturity information, behavioural maturity determined in accordance with internal policies is taken into consideration for products without maturity information such as off-balance sheet items and overdrafts. Expected credit losses are measured over these maturities according to the type of loan.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

As of 1 January 2018, The Bank applied the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income in accordance with TFRS 9 principles. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

When the related financial asset is de-recognised from the financial statement, the loss allowance for expected credit losses previously reflected to the other comprehensive income is classified under the profit-loss statement.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined re-sell price is accrued over the life of repurchase agreements.

The income and expenses from these transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statement.

X. Explanations on Assets Held for Sale and Discontinued Operations

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the unconsolidated financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)".

The Bank, in some portion of the foreclosed assets, provides repurchase right to the debtor.

A discontinued operation is a division of a bank that is either disposed or held for sale.

Results of discontinued operations are included in the income statement separately. As of 31 December 2019 and 31 December 2018 the Bank does not have any discontinued operations.

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XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There have been no changes in the amortization calculation method during the current period.

As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development projects by the Bank.

XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Safety box	2
ATM	10
Furniture, fixtures and others	20
Office equipment's	10-33

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

Branches, service buildings and vehicles subject to operational lease are accounted in accordance with TFRS 16 as of 1 January 2019.

At the commencement date, the Bank measures the right-of-use asset in accordance with TFRS 16. The depreciation requirements in TAS 16 Property, Plant and Equipment is applied in depreciating real assets considered as right-of-use asset. Amortization calculation considers the length of contract as useful lifetime.

The amortization expenses related to operational leases subject to TFRS 16 are recorded in profit/loss table under amortization expenses of tangible asset. Implementation and impacts related to the transition of TFRS 16 are explained in Note XXIII of Section Three.

XIII. Explanations on Leasing Transactions

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in assets and liabilities, respectively. Financial costs on leasing agreements are distributed throughout the lease periods at fixed interest rates. Interest expenses and foreign exchange losses related with financial leasing are accounted in income statement. Depreciation for assets acquired through financial leases is calculated consistently with the same principle as for the tangible assets.

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability. Impact and application of TFRS 16 concerning the transition were explained in Section Three, Note XXIII.

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

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XV. Explanations on Liabilities Regarding Employee Benefits

In accordance with the existing labor law, the Bank is required to make lump-sum termination indemnities to each employee who has completed over one year of service and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

The Bank has calculated provision for employee severance benefits in the accompanying financial statements in accordance with TAS 19 "Employee Benefits" by using the "Projection Method" and discounted the total provision by using the current market yield at the balance sheet date on government bonds based on their past experiences in the issues of completion of personnel service period and severance pay eligibility.

The Bank has no retirement fund or foundation that the employees are the member of.

Defined Contribution Plans:

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short-term Employee Benefits:

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits"; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

XVI. Explanations on Taxation

Corporate Tax:

According to the Article 32 of the Corporate Tax Law No 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offset against the final tax liability for the year.

According to Provisional Article 10 added to the Corporate Tax Law, Corporate Tax at 20% shall be applied as 22% for the corporate earnings of the taxation periods of 2018, 2019 and 2020 of the institutions.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities.

The balance resulting from netting off prepaid taxes and the corporate tax provision is shown shown in the current tax asset or liability as being positive or negative, respectively.

Deferred Tax Liability / Asset:

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

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XVI. Explanations on Taxation (continued)

In accordance with TAS 12 "Turkish Accounting Standard on Income Taxes" the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences, if sufficient taxable profit within five-year period to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences.

The book value of the deferred tax asset is reviewed at the end of each reporting period. The book value of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient financial profit will be available to allow the benefit of part or all of the deferred tax asset to be obtained.

If the deferred tax transactions and other issues are recognized (accounted) in profit and loss, related tax effects are recognized in profit and loss. On the other hand, if the deferred tax transactions and other issues are recognized (accounted) in equity accounts, related tax effects are also recognized (accounted) in equity accounts.

Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet.

In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

Direct transaction costs related to issuance of stock certificates are recognized as discount from equity.

XIX. Explanations on Avalized Drafts and Acceptances

Avalized draft and acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Reporting according to the operational segment is presented in Note XII of Section Four.

XXII. Explanations on Reclassifications

According to the Communiqué on the Amendment to the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks that published in the Official Gazette dated 1 February 2019 and numbered 30673, being effective as of 1 January 2019, some reclassifications have been made on the "Statement of Financial Position" and "Profit or Loss Statement" as at 31 December 2018 in order to comply with the presentation of 31 December 2019 financial statements.

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XXIII. Explanations on Other Disclosures

a. Disclosures of TFRS 16

The Bank has applied the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

Bank- lessee:

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) All initial direct costs incurred by the Bank and

When Bank applying the cost method, the existence of the right to use:

- a) Accumulated depreciation and accumulated impairment losses are deducted and
- b) Measures the restatement of the lease obligation at the restated cost.

TAS 16 Impairment of Assets is applied to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

"TFRS 16 Leasing" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Bank applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation. The impact of the transition on the equities were classified under "Extraordinary Reserves" in expense equities amounting TL 76.829 Within this scope, deferred tax asset amounting TL 15.234 was reflected in the financial figures of 1 January 2019 and classified under "Extraordinary Reserves" in equities. Reclassifications and remeasurements during the first time application of TFRS 16 Leases Standard dated 1 January 2019 are presented in the below table.

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XXIII. Explanations on Other Cases (continued)

a. Disclosures of TFRS 16 (continued)

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Measurement Effect	1 January 2019
Tangible assets (Net)	86.823	38.788	114.952	240.563
Other assets (Net)	1.235.592	(38.788)	-	1.196.804
Deferred tax asset	272.167	-	15.234	287.401
Extraordinary Reserves	735	-	(61.462)	(60.727)
Lease Payables (Net)	-	-	(191.781)	(191.781)

Lease agreements for vehicles lease agreements with a duration of 12 months or less and ATMs which are determined as low value by the Bank have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 3.714 has been paid in the relevant period.

The right and obligation of the lessee to use assets classified as finance leases has been measured at the carrying amount of such assets before the transition period.

As of 1 January 2019, the weighted average of the incremental borrowing interest rates applied to TL and EUR lease liabilities presented in the statement of financial position of the Bank are 19,8% and 2% respectively.

	1 January 2019
Operational leasing commitments	304.964
- Contracts that are excluded from the scope of TFRS 16 (-)	3.916
Total leasing liability	301.048
Discount obligations (1 January 2019)	191.781

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Equity

As of 31 December 2019, Bank's total capital has been calculated as TL 5.558.945 and capital adequacy ratio is 21,74%. As of 31 December 2018, Bank's total capital amounted to TL 5.535.732 and capital adequacy ratio was 21,40%. These ratios are above the minimum ratio required by the legislation.

a. Information about Total Capital:

	Current Period 31 December 2019
COMMON EQUITY TIER 1 CAPITAL	
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842
Share issue premiums	-
Reserves (*)	(53.624)
Gains recognized in equity as per TAS	37.841
Profit	71.122
Current Period Profit	71.122
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-
Common Equity Tier 1 Capital Before Deductions	3.344.181
Deductions from Common Equity Tier 1 Capital	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-
Improvement costs for operating leasing	41.543
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	74.813
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	44.600
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions From Common Equity Tier 1 Capital	160.956
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	418.194
Total Common Equity Tier 1 Capital	3.601.419

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I. Explanations on Equity (continued)

	Current Period 31 December 2019
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.601.419
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA (**)	1.784.283
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	275.007
Tier II Capital Before Deductions	2.059.290
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	101.764
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation when the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	101.764
Total Tier II Capital	1.957.526
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.558.945
Deductions from Total Capital	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	-

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I. Explanations on Equity (continued)

	Current Period 31 December 2019
TOTAL CAPITAL	
Total Capital (TIER I Capital and TIER II Capital)	5.558.945
Total risk weighted amounts	25.575.654
CAPITAL ADEQUACY RATIOS	
Core Capital Adequacy Ratio	14,08
Tier I Capital Adequacy Ratio	14,08
Capital Adequacy Ratio	21,74
BUFFERS	
Total buffer requirement	2,532
Capital conservation buffer requirement	2,500
Bank specific counter-cyclical buffer requirement	0,032
Systemic important bank buffer ratio	-
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	9,58
Amounts Lower Than Excesses as per Deduction Rules	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	817.276
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	275.007
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-
(*) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2019 to book legal reserves of TL 858, which is 5% of the distributable net statutory profit of TL 17.150 and the remaining amount of TL 16.292 has been decided to be reserved as extraordinary reserves.	
(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 17.110 thousands of Tier II sub-loan as of 31 December 2019, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.	

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I. Explanations on Equity (continued)

	Prior Period 31 December 2018
COMMON EQUITY TIER 1 CAPITAL	
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842
Share issue premiums	-
Reserves(*)	735
Gains recognized in equity as per TAS	1.494
Profit	17.150
Current Period Profit	17.150
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-
Common Equity Tier 1 Capital Before Deductions	3.308.221
Deductions from Common Equity Tier 1 Capital	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (**)	88.400
Improvement costs for operating leasing	41.929
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	62.942
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions From Common Equity Tier 1 Capital	193.271
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	557.592
Total Common Equity Tier 1 Capital	3.672.542

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I. Explanations on Equity (continued)

	Prior Period 31 December 2018
ADDITIONAL TIER 1 CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Additional Tier I Capital before Deductions	
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	
Total Additional Tier I Capital	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.672.542
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA(***)	1.589.332
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	277.408
Tier II Capital Before Deductions	1.939.876
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	(3.550)
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	(3.550)
Total Tier II Capital	1.863.190
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.535.732
Deductions from Total Capital	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	5.535.732

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I. Explanations on Equity (continued)

	Prior Period 31 December 2018
TOTAL CAPITAL	
Total Capital (TIER I Capital and TIER II Capital)	5.535.732
Total risk weighted amounts	25.873.673
CAPITAL ADEQUACY RATIOS	
Core Capital Adequacy Ratio	14,19
Tier I Capital Adequacy Ratio	14,19
Capital Adequacy Ratio	21,40
BUFFERS	
Total buffer requirement	1,934
Capital conservation buffer requirement	1,875
Bank specific counter-cyclical buffer requirement	0,059
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	9,69
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.008.822
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	277.408
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-
(*) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2018 to book legal reserves of TL 16.028, which is 5% of the distributable net statutory profit of TL 320.572 and the remaining amount of TL 304.544 has been decided to be reserved as extraordinary reserves. The effect of TFRS 9 on equity is reflected in the reserve funds line.	
(**) As per Turkish Account Standard 32, stamp tax and competition board fees amounting to TL 2.198 resulting from the capital increase are deducted from equity.	
(***) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 670 thousands of Tier II sub-loan on 5 December 2018, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.	

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I. Explanations on Equity (continued)

Details on Subordinated Liabilities:

Lender	Odea Bank A.Ş
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1655085485/ US67576MAA27
Governing law(s) of the instrument	It is subject to English law additionally certain articles are subject to Turkish law. It has been issued under the "Communiqué on Borrowing Instruments" of the CMB and the "Regulation on Equities of Banks" of the BRSA.
Regulatory treatment	Tier II Capital
Subject to 10% deduction as of 1/1/2015	No
Eligible at stand-alone / consolidated (*)	Stand Alone
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date) (**)	1.682.519
Per value of instrument (Thousand USD) (***)	282.890
Accounting classification	Liability-Subordinated Loans
Original date of issuance	01/08/2017
Perpetual or dated	10 Years Dated
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	On 1 August 2022, there is an early repayment option. Amount to pay back: TL 1.682.519 thousand
Subsequent call dates, if applicable	-
Coupons / dividends	-
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	7,625%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
Write-down feature	Yes
If write-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (1) its operating license is to be revoked and the Bank is liquidated or (2) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (3) it is probable that the Issuer will become non-viable; then the bonds can be written-down
If write-down, full or partial	Fully or partially
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In priority of receivables, it comes after the debt instruments which are nonsubordinated loans.
Whether the sub-loan agreement contains all the items stated within the article number 7 and 8 of "Own fund regulation" or not	The instrument is in compliance with article number 8.
Details of above mentioned items within article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

(*) As of most recent reporting date, the bank does not have participation or subsidiary company.

(**) Does not include accrued interests.

(***) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7.625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 17.110 thousands of Tier II sub-loan as of 31 December 2019, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

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I. Explanations on Equity (continued)

Basic information in the TFRS 9 transition process: As of 31 December 2019, the Bank implements Provisional Article 5 of the “Regulation on Equity of Banks” published in the Official Gazette dated September 5, 2015 and numbered 29756. Therefore, in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside, eighty percent for the first year, sixty percent for the second year, forty percent for the third year, and twenty percent for the fourth year of the positive difference between the total expected loan loss provision calculated as of the date when the expected loan loss provisions are started to be recognized under TFRS 9 and the total provision amount calculated before starting the application of TFRS 9, can be added to the core capital amount after the tax deduction.

	2018	2019	2020	2021	2022
EQUITY COMPONENTS					
Core Capital	3.672.542	3.601.415	3.462.017	3.322.619	3.183.222
Transition Process Unapplied Core Capital	3.114.950	3.183.222	3.183.222	3.183.222	3.183.222
Tier I Capital	3.672.542	3.601.415	3.462.017	3.322.619	3.183.222
Transition Process Unapplied Main Capital	3.114.950	3.183.222	3.183.222	3.183.222	3.183.222
Equity	5.535.732	5.558.941	5.419.543	5.280.145	5.140.747
Transition Process Unapplied Equity	4.978.141	5.140.747	5.140.747	5.140.747	5.140.747
TOTAL RISK WEIGHTED AMOUNTS					
Total Risk Weighted Amounts	25.873.673	25.575.654	25.575.654	25.575.654	25.575.654
CAPITAL ADEQUACY RATIO					
Core Capital Adequacy Ratio (%)	14,19%	14,08%	13,54%	12,99%	12,45%
Transition Process Unapplied Core Capital Adequacy Ratio (%)	12,04%	12,45%	12,45%	12,45%	12,45%
Main Capital Adequacy Ratio (%)	14,19%	14,08%	13,54%	12,99%	12,45%
Transition Period Unapplied Main Capital Adequacy Ratio (%)	12,04%	12,45%	12,45%	12,45%	12,45%
Capital Adequacy Ratio (%)	21,40%	21,74%	21,19%	20,65%	20,10%
Transition Process Unapplied Capital Adequacy Ratio (%)	19,24%	20,10%	20,10%	20,10%	20,10%
LEVERAGE RATIO					
Total Leverage Ratio Risk Exposure	44.358.365	41.192.104	41.192.104	41.192.104	41.192.104
Leverage Ratio	8,53	8,70	8,70	8,70	8,70
Transition Process Unapplied Leverage Ratio	7,76	7,61	7,61	7,61	7,61

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I. Explanations on Equity (continued)

Explanations on Internal Capital Management

To define Bank's internal capital requirement assessment process; "Internal capital requirements assessment process" and "risk strategy" were prepared and approved by the Board of Directors in August 2012 and are being followed since then. In the related process and strategy; criterias are defined which provides maintaining of continuity of capital adequacy in compliance with risk profile and appetite. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

Capital adequacy ratio is calculated by Risk Management Group on a monthly basis, when requested by Senior Management capital requirement according to strategic plans is explained and studies on internal capital management is conducted. Capital requirement internal assessment process is designed and conducted by Risk Management Group. Risk Management Group informs Senior Management and Board of Directors about these issues directly or through Risk Committee.

II. Explanations on Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor's group basis within the limits and updated on a defined frequency based on market developments. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

Risks and limits related to treasury activities and customer based commercial activities are monitored daily. Moreover, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

The credit worthiness of the debtors of the loans and other receivables is monitored regularly as prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Most of the statement of accounts for the loans has been tried to derive from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies when the companies are audited. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

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II. Explanations on Credit Risk (continued)

	Current Period Risk Amount (*)	Average Net Loan Amount After Provisions
Risk Types		
Contingent and Non-Contingent Receivables from central governments or central banks	6.936.743	7.027.447
Contingent and Non-Contingent Receivables from regional or local governments	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	168.014	189.778
Contingent and Non-Contingent Receivables from International Organizations	8	8
Contingent and Non-Contingent Receivables from banks and brokerage houses	6.440.646	11.269.093
Contingent and Non-Contingent Corporates	14.705.300	14.720.828
Contingent and Non-Contingent Retail Receivables	2.923.148	2.069.036
Contingent and Non-Contingent Receivables Secured by Mortgages	4.914.643	5.869.776
Past Due Receivables	801.222	630.384
Receivables defined in high risk category by Regulator	14.730	19.894
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	1.585.767	1.461.259
Total	38.490.221	43.257.503

(*) The figures represent total risk amounts before credit risk mitigation and before credit conversion factor.

	Prior Period Risk Amount (*)	Average Net Loan Amount After Provisions
Risk Types(*)		
Contingent and Non-Contingent Receivables from central governments or central banks	7.414.997	6.926.533
Contingent and Non-Contingent Receivables from regional or local governments	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables from International Organizations	6	6
Contingent and Non-Contingent Receivables from banks and brokerage houses	10.466.722	8.197.711
Contingent and Non-Contingent Corporates	14.549.320	14.875.682
Contingent and Non-Contingent Retail Receivables	2.198.447	3.047.218
Contingent and Non-Contingent Receivables Secured by Mortgages	6.753.985	6.735.769
Past Due Receivables	642.088	729.898
Receivables defined in high risk category by Regulator	13.551	21.880
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	1.283.653	1.028.978
Total	43.322.769	41.563.675

(*) The figures represent total risk amounts before credit risk mitigation and before credit conversion factor.

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and acquirements related to forward transactions is normally realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 69% and 77% respectively.

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 85% and 96%.

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 75% and 87% respectively.

The Bank provided a collective loan loss provision (stage 1 and stage 2) amounting to TL 753.609 (31 December 2018: TL 958.747).

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II. Explanations on Credit Risk (continued)

Information on loan types and provisions: (*)

31 December 2019	Commercial	Retail	Total
Standard Loans	10.387.312	560.350	10.947.662
Watchlist	4.778.781	165.650	4.944.431
Significant Increase in Credit Risk	612.926	-	612.926
Non-performing Loans	2.685.541	117.651	2.803.192
Specific Provision (-)	(1.389.075)	(76.062)	(1.465.137)
Total	17.075.485	767.589	17.843.074

31 December 2018	Commercial	Retail	Total
Standard Loans	11.514.792	1.187.676	12.702.468
Watchlist	3.876.453	268.881	4.145.334
Significant Increase in Credit Risk	1.888.887	-	1.888.887
Non-performing Loans	1.725.561	36.095	1.761.656
Specific Provision (-)	(915.650)	(14.302)	(929.952)
Total	18.090.043	1.478.350	19.568.393

(*) According to the internal segmentation of the bank

Information on past due loan and other receivables:

31 December 2019	Corporate and Commercial	SME	Consumer Loans	Total
Not past due and 30 days past due	10.479.152	1.352.257	665.700	12.497.109
30-60 days past due	1.102.891	63.446	62.794	1.229.131
Other	2.372.719	356.443	49.617	2.778.779
Total	13.954.762	1.772.146	778.111	16.505.019

31 December 2018	Corporate and Commercial	SME	Consumer Loans	Total
Not past due and 30 days past due	13.702.942	1.895.955	1.294.686	16.893.583
30-60 days past due	515.261	250.269	98.893	864.423
Other	418.146	497.559	62.978	978.683
Total	14.636.349	2.643.783	1.456.557	18.736.689

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II. Explanations on Credit Risk (continued)

Significant Risks that are significant on the profile of the regions

Risk Classifications (*)

31 December 2019

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	6.110.461	-	-	127.128	2	1.256.138	13.259.873	859.046	4.889.976	801.222	14.730	-	-	-	-	1.585.767	28.904.343
European Union Countries	-	-	-	40.886	-	1.547.805	1	436	-	-	-	-	-	-	-	-	1.589.128
OECD Countries**	-	-	-	-	-	447.437	-	138	-	-	-	-	-	-	-	-	447.575
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	832.071	-	3	-	-	-	-	-	-	-	-	832.074
Other Countries	826.273	-	-	-	-	461.152	339.768	2.928	59	-	-	-	-	-	-	-	1.630.180
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6.936.734	-	-	168.014	2	4.544.603	13.599.642	862.551	4.890.035	801.222	14.730	-	-	-	-	1.585.767	33.403.300

31 December 2018

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	6.678.931	-	-	-	1	1.234.736	12.865.294	1.534.183	6.700.035	696.478	13.550	-	-	-	-	1.283.653	31.006.861
European Union Countries	-	-	-	-	-	618.563	-	202	-	-	1	-	-	-	-	-	618.766
OECD Countries (**)	-	-	-	-	-	17.879	-	-	254	-	-	-	-	-	-	-	18.133
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	888.986	-	139	-	-	-	-	-	-	-	-	889.125
Other Countries	736.057	-	-	-	-	310.869	599.297	3.049	83	-	-	-	-	-	-	-	1.649.355
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	7.414.988	-	-	-	1	3.071.033	13.464.591	1.537.573	6.700.372	696.478	13.551	-	-	-	-	1.283.653	34.182.240

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

(**) EU countries, OECD countries other than USA and Canada

(***) Assets and liabilities that are not distributed according to a consistent principle

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

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II. Explanations on Credit Risk (continued)

Risk Classifications (*) **Sector concentrations for cash loans:**

31 December 2019

Sectors/Counterparties (**)	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	Total
1 Agriculture	-	-	-	-	-	-	96.036	776	13.280	7.010	-	-	-	-	-	-	35.351	81.751	117.102
1.1 Farming and Raising Livestock	-	-	-	-	-	-	35.409	765	12.275	7.010	-	-	-	-	-	-	27.342	28.117	55.459
1.2 Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	60.627	11	1.005	-	-	-	-	-	-	-	8.009	53.634	61.643
2 Manufacturing	-	-	-	-	-	-	5.882.757	32.745	596.209	257.499	2.288	-	-	-	-	-	2.770.941	4.000.557	6.771.498
2.1 Mining and Quarry	-	-	-	-	-	-	103.011	2.516	75.207	41.019	-	-	-	-	-	-	196.998	24.755	221.753
2.2 Production	-	-	-	-	-	-	4.504.275	30.184	487.037	203.314	2.288	-	-	-	-	-	2.283.377	2.943.721	5.227.098
2.3 Electricity, Gas and Water	-	-	-	-	-	-	1.275.471	45	33.965	13.166	-	-	-	-	-	-	290.566	1.032.081	1.322.647
3 Construction	-	-	-	-	-	-	2.634.488	19.302	2.424.966	228.784	3.171	-	-	-	-	-	2.404.876	2.905.835	5.310.711
4 Services	839.639	-	-	71.596	-	3.317.647	3.630.333	60.686	1.425.636	307.929	7.222	-	-	-	-	-	2.878.660	6.782.028	9.660.688
4.1 Wholesale and Retail Trade	826.274	-	-	30.710	-	-	1.053.942	42.405	261.376	134.485	26	-	-	-	-	-	983.792	1.365.426	2.349.218
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	999.868	2.671	870.121	142.788	-	-	-	-	-	-	286.631	1.728.817	2.015.448
4.3 Transportation and Communication	-	-	-	-	-	-	762.187	7.852	89.403	17.753	1	-	-	-	-	-	293.883	583.313	877.196
4.4 Financial Institutions	13.365	-	-	40.886	-	3.317.647	50.760	1.739	28.009	4.960	7.176	-	-	-	-	-	636.405	2.828.137	3.464.542
4.5 Real Estate and Renting Services.	-	-	-	-	-	-	58.038	1.047	8.952	3.025	16	-	-	-	-	-	19.999	51.079	71.078
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education Services	-	-	-	-	-	-	46.143	1.345	34.658	3.856	3	-	-	-	-	-	70.939	15.066	86.005
4.8 Health and Social Services	-	-	-	-	-	-	659.395	3.627	133.117	1.062	-	-	-	-	-	-	587.011	210.190	797.201
5 Other	6.097.095	-	-	96.418	2	1.226.956	1.356.028	749.042	429.944	-	2.049	-	-	-	-	-	1.585.767	4.451.579	7.091.722
Total	6.936.734	-	-	168.014	2	4.544.603	13.599.642	862.551	4.890.035	801.222	14.730	-	-	-	-	-	1.585.767	12.541.407	20.861.893
																			33.403.300

(*) The risk classes in the regulation is taken into consideration to measure and assess the capital adequacy of banks.

(**) Before credit risk mitigation and after credit conversion rate, refers to the amount of total risk

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

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II. Explanations on Credit Risk (continued)

Risk Classifications (*)

Sector concentrations for cash loans:

31 December 2018

Sectors/Counterparties (**)	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	Total	
1 Agriculture	-	-	-	-	-	-	77.979	5.634	15.990	8.773	4	-	-	-	-	-	49.861	58.519	108.380	
1.1 Farming and Raising Livestock	-	-	-	-	-	-	23.773	5.632	14.697	8.525	4	-	-	-	-	-	41.605	11.026	52.631	
1.2 Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	288	-	-	-	-	-	-	-	288	-	288	
1.3 Fishery	-	-	-	-	-	-	54.206	2	1.005	248	-	-	-	-	-	-	7.968	47.493	55.461	
2 Manufacturing	-	-	-	-	-	-	5.887.537	83.876	976.687	236.853	1.648	-	-	-	-	-	2.566.750	4.619.851	7.186.601	
2.1 Mining and Quarry	-	-	-	-	-	-	112.287	5.341	91.086	101.335	-	-	-	-	-	-	260.267	49.782	310.049	
2.2 Production	-	-	-	-	-	-	4.609.554	78.229	855.883	126.210	1.648	-	-	-	-	-	2.131.344	3.540.180	5.671.524	
2.3 Electricity, Gas and Water	-	-	-	-	-	-	1.165.696	306	29.718	9.308	-	-	-	-	-	-	175.139	1.029.889	1.205.028	
3 Construction	-	-	-	-	-	-	2.567.533	50.796	2.777.533	248.794	1.161	-	-	-	-	-	2.647.395	2.998.422	5.645.817	
4 Services	1.747.849	-	-	-	-	1.930.438	3.370.762	129.226	2.218.743	201.783	2.149	-	-	-	-	-	3.514.354	6.086.596	9.600.950	
4.1 Wholesale and Retail Trade	736.057	-	-	-	-	-	1.103.120	91.448	413.952	124.872	1.658	-	-	-	-	-	1.065.760	1.405.347	2.471.107	
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	651.041	7.331	1.300.958	43.869	-	-	-	-	-	-	174.997	1.828.202	2.003.199	
4.3 Transportation and Communication	-	-	-	-	-	-	917.287	17.254	107.644	13.920	491	-	-	-	-	-	463.857	592.739	1.056.596	
4.4 Financial Institutions	1.011.792	-	-	-	-	1.930.438	74.695	3.012	122.432	6.421	-	-	-	-	-	-	1.208.454	1.940.336	3.148.790	
4.5 Real Estate and Renting Services.	-	-	-	-	-	-	71.658	3.803	63.147	9.990	-	-	-	-	-	-	92.368	56.230	148.598	
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.7 Education Services	-	-	-	-	-	-	36.252	3.131	77.883	557	-	-	-	-	-	-	101.487	16.336	117.823	
4.8 Health and Social Services	-	-	-	-	-	-	516.709	3.247	132.727	2.154	-	-	-	-	-	-	407.431	247.406	654.837	
5 Other	5.667.139	-	-	-	1	1.140.595	1.560.780	1.268.041	711.419	275	8.589	-	-	-	-	-	1.283.653	6.330.802	5.309.690	11.640.492
Total	7.414.988	-	-	-	1	3.071.033	13.464.591	1.537.573	6.700.372	696.478	13.551	-	-	-	-	-	1.283.653	15.109.162	19.073.078	34.182.240

(*) The risk classes in the regulation is taken into consideration to measure and assess the capital adequacy of banks.

(**) Before credit risk mitigation and after credit conversion rate, refers to the amount of total risk

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II. Explanations on Credit Risk (continued)

Distribution of time exposures according to Remaining Maturities:

31 December 2019

Risk Types (*)	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	1.827.338	-	-	-	3.238.522	5.065.860
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	2	2
Receivables on Multilateral Development Banks	-	-	-	-	168.014	168.014
Receivables on International Organizations	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	1.817.575	125.679	292.785	342.698	257.823	2.836.560
Receivables from Corporates	2.864.746	1.057.199	1.176.839	1.579.885	6.850.435	13.529.104
Retail Receivables	73.150	28.758	34.514	66.402	498.592	701.416
Receivables Secured by Mortgages	193.544	132.772	31.644	170.246	3.819.818	4.348.024
Past Due Receivables	18.390	-	-	-	305	18.695
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	6.794.743	1.344.408	1.535.782	2.159.231	14.833.511	26.667.675

(*) The risk classes in the regulation is taken into consideration to measure and assess the capital adequacy of banks.

31 December 2018

Risk Types (*)	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	2.333.639	-	-	-	2.998.003	5.331.642
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	1.143.312	103.805	66.685	25.473	276.977	1.616.252
Receivables from Corporates	1.384.816	1.104.059	1.297.547	1.818.408	7.740.633	13.345.463
Retail Receivables	40.310	40.978	71.158	135.975	880.359	1.168.780
Receivables Secured by Mortgages	304.439	60.640	165.912	91.291	5.808.853	6.431.135
Past Due Receivables	143.291	-	-	1.805	915	146.011
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	5.349.807	1.309.482	1.601.302	2.072.952	17.705.740	28.039.283

(*) The risk classes in the regulation is taken into consideration to measure and assess the capital adequacy of banks.

Risk by Risk Weights Balances:

Risk Weights (*) Current Period	Deductions from the shareholders' equity											Total
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
1 Amount before the credit risk mitigation	4.944.718	-	3.069.614	-	2.720.359	983.900	19.214.798	2.469.911	-	-	-	33.403.300
2 Amount after the credit risk mitigation	5.300.148	-	3.069.614	78.098	5.355.408	722.774	16.002.804	1.311.529	-	-	-	31.840.375

(*) Balances with financial collateral are shown as 0% risk weight.

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II. Explanations on Credit Risk (continued)

Risk by Risk Weights Balances:

Risk Weights (*)													Deductions from the shareholders' equity	Total
Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%			
Amount before the credit risk mitigation														
1	5.117.580	-	2.528.487	-	2.101.966	1.885.988	21.989.790	558.429	-	-	-	-	-	34.182.240
Amount after the credit risk mitigation														
2	5.786.680	-	2.528.487	1.136.106	5.541.864	1.328.709	17.248.202	247.436	-	-	-	-	-	33.817.484

(*) Balances with financial collateral are shown as 0% risk weight.

Important sectors or type of information according to counterparty

31 December 2019	Loans		Provisions
Current Period	Impaired		
	Significant Increase in Credit Risk (Stage 2)	Non-performing Loans (Stage 3)	Allowance for expected credit losses (TFRS 9)
Sectors/Counterparties (*)			
Agricultural	26.002	44.205	41.313
Farming and raising livestock	8.199	44.205	39.997
Forestry	-	-	-
Fishing	17.803	-	1.316
Manufacturing	1.201.104	662.082	463.314
Mining	123.966	146.413	165.608
Production	590.108	484.178	253.640
Electricity, Gas, Water	487.030	31.490	44.066
Construction	1.763.078	696.420	516.524
Services	1.685.532	791.206	533.837
Wholesale and retail trade	388.502	412.724	224.359
Hotel, Food, Beverage services	861.914	287.481	185.423
Transportation and Telecommunication	149.044	57.172	56.125
Financial Institutions	11.749	13.501	4.562
Real Estate and Lending Service	9.306	10.186	5.947
Self employment service	-	-	-
Education Service	62.421	6.633	8.049
Health and social services	202.595	3.509	49.372
Other(**)	881.641	609.279	563.973
Total	5.557.357	2.803.192	2.118.961

(*) Sector classification is based on the type of principal activity of customers.

(**) Includes retail credit cards, retail loans and other loans.

31 December 2018	Loans		Provisions
Prior Period	Impaired		
	Significant Increase in Credit Risk (Stage 2)	Non-performing Loans (Stage 3)	Allowance for expected credit losses (TFRS 9)
Sectors/Counterparties (*)			
Agricultural	7.117	55.289	45.260
Farming and raising livestock	7.117	55.289	45.260
Forestry	-	-	-
Fishing	-	-	-
Manufacturing	1.056.854	597.454	446.705
Mining	115.419	238.128	181.174
Production	502.462	266.075	148.994
Electricity, Gas, Water	438.973	93.251	116.537
Construction	1.919.993	442.650	527.940
Services	2.782.279	562.350	687.204
Wholesale and retail trade	434.997	346.302	215.934
Hotel, Food, Beverage services	781.245	104.977	129.050
Transportation and Telecommunication	186.711	56.469	62.938
Financial Institutions	128.161	17.409	17.072
Real Estate and Lending Service	14.311	123	574
Self employment service	-	-	-
Education Service	460.547	-	121.533
Health and social services	776.307	37.070	140.103
Other(**)	267.979	103.913	74.040
Total	6.034.222	1.761.656	1.781.149

(*) Sector classification is based on the type of principal activity of customers.

(**) Includes retail credit cards, retail loans and other loans.

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II. Explanations on Credit Risk (continued)

Information related to Impairment and Expected Credit Loss Provisions:

Current Period	Opening Balance 31 December 2018	The Amount of Provision in the period	Reversal of Provision	Other Provisions	Closing Balance
Specific Provisions	929.952	535.185	-	-	1.465.137
Collective Provisions	958.747	8.981	232.119	-	735.609

Prior Period	Opening Balance (Before TFRS 9) 31 December 2017	Remeasurements	Opening Balance (After TFRS 9) 1 January 2018	The Amount of Provision in the period	Reversal of Provision	Other Provisions	Closing Balance
Specific Provisions	445.644	(8.137)	437.507	1.033.783	275.668	265.670	929.952
Collective Provisions	256.804	731.415	988.219	-	29.472	-	958.747

31 December 2019			
Ultimate country of risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	16.529.412	84.833	16.614.245
United Arab Emirates	285.277	-	285.277
Albania	44.008	-	44.008
Saudi Arabia	1.343	-	1.343
Switzerland	103	-	103
Azerbaijan	93	-	93
Netherlands	85	-	85
Lebanon	21	-	21
Germany	11	-	11
Austria	4	-	4
USA	2	-	2
Slovenia	1	-	1
Other	1.650.527	-	1.650.527
Total	18.510.887	84.833	18.595.720

Risk included in counter-cyclical capital buffer calculation:

31 December 2018			
Ultimate country of risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	17.767.561	158.949	17.926.510
United Arab Emirates	277.246	-	277.246
Egypt	50.550	150	50.700
Albania	49.029	-	49.029
Marshall Islands	27.904	-	27.904
Virgin Island (British)	20.610	-	20.610
Saudi Arabia	1.376	-	1.376
Azerbaijan	121	-	121
Netherlands	123	-	123
USA	104	-	104
Switzerland	89	-	89
Lebanon	29	-	29
Slovenia	1	-	1
Other	1.294.749	-	1.294.749
Total	19.489.492	159.099	19.648.591

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II. Explanations on Credit Risk (continued)

Internal credit rating system

Internal credit rating system is used by The Bank. As a basis for the rating classification; financial data of customers has been processed by the MRA - Moody's Risk Analyst software and output rate is considered.

The risks that are subject to rating models can be allocated as follows.

Rating	Risk	Description
	Grade	
(1) Excellent	1	Judged to be of the highest quality, with minimal credit risk. Superior asset quality and financial capacity; excellent and proven management; market leader.
(2) Strong	2+	Very good credit with very good asset quality, consistently strong liquidity and debt capacity; highly regarded in the industry with strong market share.
	2	
	2-	
(3) Good	3+	Good credit considered upper-medium grade, subject to low credit risk; good asset quality, strong liquidity and debt capacity. Company is above average size and holds a good position in the industry.
	3	
	3-	
(4) Satisfactory	4+	Acceptable credit subject to moderate credit risk, considered medium grade and as such may possess certain higher than average risk characteristics. Company has demonstrated adequate to good performance.
	4	
	4-	
(5) Adequate	5+	Average to low credit subject to moderate credit risk, considered medium grade and as such may possess certain higher risk characteristics. Company has demonstrated adequate performance. Monitoring status or II. Note that companies that are being followed in the group can have a maximum of 5 (+).
	5	
	5-	
(6) Marginal	6+	Below average credit subject to high credit risk. Company is likely a lower tier competitor in its industry. Acceptable but requiring close monitoring and support of strong risk mitigants. A company that can take the lowest note in the normal state is 7.
	6	
	6-	
(7) Vulnerable	7+	Weak credit: Judged to be of poor standing and subject to very high credit risk. Constitutes undue and unwarranted credit risk. Currently in performing status not to the point of justifying a Substandard classification.
	7	
	7-	
(8) Substandard	8	Substandard (Default): Unacceptable credit with normal repayment in jeopardy. As mentioned in the credit provisions III. Group (Stage 3) loans are monitored with this note.
(9) Doubtful	9	Doubtful (Default): Full repayment questionable. Serious problems to the point where partial loss of principal is likely. As mentioned in the credit provisions IV. Group (Stage 3) loans are monitored with this note.
(10) Loss	10	Loss (Default): Expected loss. Such an asset may have recovery but not to the point of avoiding loss classification. As mentioned in the credit provisions V. Group (Stage 3) loans are monitored with this note.

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II. Explanations on Credit Risk (continued)

Below table shows the portion of the performing cash loans as per BRSA's scale that is equivalent to the MRA ratings:

Debtors financial Position	Degree	31 December 2019 Portion in total	31 December 2018 Portion in total
Debtor has a solid financial position	1	0%	2%
Debtor has a good financial position	2	43%	50%
Debtor's financial position is at risk within short and medium term	3	35%	40%
Debtor's financial position is at high risk within short term	4	0%	0%
Debtor has been defaulted	5	14%	0%
Debtor has not been rated	6	8%	8%

Collateral Distribution(*)

31 December 2019	Corporate and Commercial	SME	Retail	Total
Deposit	1.126.298	40.807	10.967	1.178.072
Mortgage	6.190.610	2.328.882	319.546	8.839.038
Assignment of claim	2.716.017	152.962	-	2.868.979
Cheque	249.086	44.245	-	293.331
Pledge of vehicle	21.683	66.077	5.876	93.636
TOTAL	10.303.694	2.632.973	336.389	13.273.056

31 December 2018	Corporate and Commercial	SME	Retail	Total
Deposit	198.739	129.713	26.900	355.352
Mortgage	7.122.254	2.361.805	437.828	9.921.887
Assignment of claim	3.385.383	176.548	-	3.561.931
Cheque	228.444	84.496	-	312.940
Pledge of vehicle	85.259	79.229	19.262	183.750
TOPLAM	11.020.079	2.831.791	483.990	14.335.860

(*) Represents the amounts weighted by taking into consideration the credit risks of the customers.

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III. Explanations on Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions and stop losses which are followed up daily and weekly. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced foreign exchange buying rates of the Bank at 31 December 2019 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	25 December 2019	26 December 2019	27 December 2019	30 December 2019	31 December 2019
USD	5,9481	5,9356	5,9563	5,9451	5,9476
CHF	6,0519	6,0477	6,1013	6,1225	6,1624
GBP	7,7001	7,7082	7,7950	7,8003	7,8595
100 JPY	5,4360	5,4139	5,4361	5,4434	5,4792
EURO	6,5875	6,5866	6,6431	6,6530	6,6824

	25 December 2018	26 December 2018	27 December 2018	28 December 2018	31 December 2018
USD	5,2972	5,2825	5,2869	5,2673	5,2978
CHF	5,3417	5,3231	5,3494	5,3759	5,3810
GBP	6,7193	6,6992	6,6805	6,6776	6,7744
100 JPY	4,7867	4,7786	4,7724	4,7697	4,8133
EURO	6,0432	6,0135	6,0250	6,0322	6,0619

The simple arithmetic averages of foreign exchange buying rates of the Bank for major currencies the thirty days before 31 December 2019 are as follows:

	Monthly Average Foreign Exchange Rate
USD	5,8548
CHF	5,9533
GBP	7,6718
100 JPY	5,3605
EURO	6,5044

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III. Explanations on Currency Risk (continued)

31 December 2019	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (Cash in Vault, Foreign tax Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.628.993	1.457.159	340.765	3.426.917
Banks	41.540	1.961.799	5.648	2.008.987
Financial Assets at Fair Value through Profit and Loss	-	2.631	-	2.631
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	298.927	328.786	-	627.713
Loans (*)	4.937.736	4.764.833	1.596	9.704.165
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Financial Assets measured at Amortized Cost	490.141	1.225.857	5.087	1.721.085
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	45.248	787.496	275	833.019
Total Assets (**)	7.442.585	10.528.561	353.371	18.324.517
Liabilities				
Bank Deposits	28.135	-	-	28.135
Other Deposits	6.263.916	7.283.768	411.702	13.959.386
Money Market Balances	-	169.591	-	169.591
Funds Provided From Other Financial Institutions (***)	1.010.110	2.568.031	1.594	3.579.735
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	140.849	827.388	177	968.414
Total Liabilities (**)	7.443.010	10.848.778	413.473	18.705.261
Net Balance Sheet Position	(425)	(320.217)	(60.102)	(380.744)
Net Off-Balance Sheet Position	(21.302)	972.464	65.240	1.016.402
Derivative Financial Assets	8.987.087	24.626.474	965.623	34.579.184
Derivative Financial Liabilities	9.008.389	23.654.010	900.383	33.562.782
Non-Cash Loans (****)	1.432.760	1.478.585	4.584	2.915.929
Prior Period				
Total Assets	7.266.836	9.631.363	386.623	17.284.822
Total Liabilities	4.639.976	13.073.700	161.405	17.875.081
Net Balance Sheet Position	2.626.860	(3.442.337)	225.218	(590.259)
Net Off-Balance Sheet Position	(2.280.410)	3.527.822	(235.158)	1.012.254
Financial Derivative Assets	4.459.011	11.710.936	710.130	16.880.077
Financial Derivative Liabilities	6.739.421	8.183.114	945.288	15.867.823
Forward Deposit Purchase Commitments	1.903.428	1.837.344	17.621	3.758.393
Forward Deposit Sales Commitments	1.737.411	1.815.771	23.843	3.577.025
Non-Cash Loans (****)	1.411.721	1.426.717	4.846	2.843.284

(*) Foreign currency indexed loans amounting to TL 286.300 are included in the loan portfolio. Expected loss provisions are not considered.

(**) The foreign currency risk calculation is presented in accordance with the "Regulation on Foreign Currency Net General Position / Equity Standard Ratio Calculation and Implementation of Banks' on Consolidated and Non-Consolidated Basis" as published in the Official Gazette dated 1 November 2006 and numbered 26333 (FCNGP Regulation) and does not include all items in the financial statements.

(***) Subordinated loans are included.

(****) Does not affect net off-balance sheet position.

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III. Explanations on Currency Risk (continued)

Foreign currency sensitivity:

The Bank holds EUR and USD currencies as a result of foreign currency transactions and manages it by using miscellaneous financial instruments.

As of 31 December 2019, the Bank's net foreign exchange exposure as per internal calculation is presented below:

31 December 2019	EURO	USD	OTHER FC	TOTAL
Net currency position including on-balance sheet and off-balance sheet	(28.972)	36.019	(12.266)	(5.219)

31 December 2018	EURO	USD	OTHER FC	TOTAL
Net currency position including on-balance sheet and off-balance sheet	3.885	51.180	221	55.286

The internal currency risk calculation includes derivative financial assets / liabilities, securities valuation differences and similar positions which are not included in the FCNGP Regulation of the BRSA and options are taken into account with their delta equivalents for internal currency risk management purposes.

The maximum and minimum positions presented in Other FC column of internal foreign exchange exposure calculation are TL 942 and TL (8.077), respectively (31 December 2018: TL 317 and TL (433)).

The table below shows the sensitivity of the Bank to a 10% change in USD and EURO exchange rates. 10% is the sensitivity rate and represents possible change in foreign exchange rates. Positive/Negative number indicates a change in profit or loss and other equity where USD and EUR appreciates 10% against TL.

Change in currency rate in %		Effect on profit or loss (*)		Effect on equity(*)	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
USD	10%	3.602	5.118	3.602	5.118
USD	-10%	(3.602)	(5.118)	(3.602)	(5.118)
EUR	10%	(2.897)	389	(2.897)	389
EUR	-10%	2.897	(389)	2.897	(389)

(*) Represents before tax amounts.

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IV. Explanations on Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Management Group performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank monitors maturity mismatches very closely a significant interest rate risk exposure is not expected.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
31 December 2019							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.529.933	-	-	-	-	2.087.781	3.617.714
Banks	1.680.307	-	-	-	-	879.104	2.559.411
Financial Assets at Fair Value Through Profit and Loss	148	616	-	560	2.770	-	4.094
Money Market Placements	2.060.644	-	-	-	-	-	2.060.644
Financial assets at fair value through other comprehensive income	-	-	87.801	295.765	751.243	12.502	1.147.311
Loans	7.771.706	2.327.267	3.413.796	2.273.995	718.255	2.803.192	19.308.211
Financial assets measured at amortized cost	8.598	270.214	381.986	1.070.167	621.664	-	2.352.629
Other Assets (*)	136	73	179	348	-	1.616.588	1.617.324
Total Assets	13.051.472	2.598.170	3.883.762	3.640.835	2.093.932	7.399.167	32.667.338
Liabilities							
Bank Deposits	15.417	36.281	-	-	-	701	52.399
Customer Deposits	13.344.388	4.054.940	1.840.172	12.156	-	2.793.318	22.044.974
Money Market Borrowings	178.604	-	-	-	-	-	178.604
Miscellaneous Payables	-	-	-	-	-	924.204	924.204
Marketable Securities Issued	570.504	189.496	-	-	-	-	760.000
Funds Provided From Other Financial Institutions	-	-	184.896	261.091	1.414.432	-	1.860.419
Subordinated Loans(**)	-	-	-	-	1.735.813	-	1.735.813
Other Liabilities (***)	197	103	130	308	-	5.110.187	5.110.925
Total Liabilities	14.109.110	4.280.820	2.025.198	273.555	3.150.245	8.828.410	32.667.338
Balance Sheet Long Position	-	-	1.858.564	3.367.280	-	-	5.225.844
Balance Sheet Short Position	(1.057.638)	(1.682.650)	-	-	(1.056.313)	(1.429.243)	(5.225.844)
Off-Balance Sheet Long Position	12.367.445	4.057.201	3.944.478	5.847.170	12.329.416	-	38.545.710
Off-Balance Sheet Short Position	(12.389.946)	(4.064.104)	(3.916.733)	(5.808.573)	(12.329.415)	-	(38.508.771)
Total Position	(1.080.139)	(1.689.553)	1.886.309	3.405.877	(1.056.312)	(1.429.243)	36.939

(*) Expected credit losses for performing loans are shown in the non-interest bearing column. Derivative financial assets are classified under other assets and expected credit losses of other assets are netted in other assets.

(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 17.110 thousands of Tier II sub-loan as of 31 December 2019, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

(***) Other liabilities consist of shareholders' equity amounting to TL 3.299.581, tax liabilities amounting to TL 42.265, provisions amounting to TL 127.431, lease payables to TL 167.179 and other liabilities amounting to TL 213.559. In addition, other liabilities include derivative financial liabilities amounting to TL 1.260.910.

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IV. Explanations on Interest Rate Risk (continued)

Prior period information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
31 December 2018							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.617.779	-	-	-	-	2.381.161	3.998.940
Banks	1.057.886	-	-	-	-	944.988	2.002.874
Financial Assets at Fair Value Through Profit and Loss	-	-	2.461	555	253	-	3.269
Money Market Placements	739.611	510	-	-	-	-	740.121
Financial assets at fair value through other comprehensive income	-	-	-	36.464	259.296	9.698	305.458
Loans (*)	7.572.131	3.392.925	3.858.235	3.057.006	856.392	(127.043)	18.609.646
Financial assets measured at amortized cost	-	703.003	311.287	1.169.710	518.342	-	2.702.342
Other Assets (**)	186.598	293.073	388.580	52.491	164.558	1.952.668	3.037.968
Total Assets	11.174.005	4.389.511	4.560.563	4.316.226	1.798.841	5.161.472	31.400.618
Liabilities							
Bank Deposits	831.634	321.160	-	-	-	1.783	1.154.577
Customer Deposits	13.926.529	4.413.564	778.714	2.227	-	1.285.437	20.406.471
Money Market Borrowings	100	-	-	-	-	-	100
Marketable Securities Issued	-	207.110	-	-	-	-	207.110
Subordinated Loans(***)	-	-	-	-	1.636.012	-	1.636.012
Funds Provided From Other Financial Institutions	-	-	925.908	756.975	1.324.299	-	3.007.182
Other Liabilities (****)	102.254	98.787	180.133	511.961	299.484	3.796.547	4.989.166
Total Liabilities	14.860.517	5.040.621	1.884.755	1.271.163	3.259.795	5.083.767	31.400.618
Balance Sheet Long Position	-	-	2.675.808	3.045.063	-	77.705	5.798.576
Balance Sheet Short Position	(3.686.512)	(651.110)	-	-	(1.460.954)	-	(5.798.576)
Off-Balance Sheet Long Position	9.941.110	12.395.364	5.464.903	3.427.213	5.615.228	-	36.843.818
Off-Balance Sheet Short Position	(9.641.890)	(11.610.913)	(5.543.736)	(3.821.517)	(6.221.054)	-	(36.839.110)
Total Position	(3.387.292)	133.341	2.596.975	2.650.759	(2.066.780)	77.705	4.708

(*) The net amount of the non-performing loans and its third stage expected credit losses and the first and second stage expected credit losses for performing loans are shown in the non-interest bearing column.

(**) Derivative financial assets are classified under other assets and expected credit losses of other assets are netted in other assets.

(***) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 670 thousand of Tier II sub-loan on 5 December 2018, and the relevant amount has been discounted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

Current period interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 December 2019				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	1,63	-	11,11
Financial Assets at Fair Value Through Profit and Loss	-	6,68	-	15,00
Money Market Placements	-	-	-	11,40
Financial Assets at Fair Value Through Other Comprehensive Income	4,00	5,66	-	6,00
Loans	5,22	8,53	-	14,28
Financial Assets Measured at Amortized Cost	1,88	6,48	-	17,81
Liabilities				
Bank Deposits	1,34	4,81	-	12,41
Customer Deposits	0,53	2,24	-	10,15
Money Market Borrowings	-	2,64	-	10,50
Subordinated Loans	-	7,63	-	-
Marketable Securities Issued	-	-	-	13,48
Funds Provided From Other Financial Institutions	1,59	5,84	-	14,21

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IV. Explanations on Interest Rate Risk (continued)

	EURO %	USD %	JPY %	TL %
31 December 2018				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	2,00	-	13,00
Banks	-	1,46	-	23,41
Financial Assets at Fair Value Through Profit and Loss	-	-	-	17,99
Money Market Placements	-	-	-	23,98
Available-For-Sale Financial Assets	-	-	-	35,95
Loans	6,04	8,52	-	22,65
Held-To-Maturity Investments	2,06	5,59	-	14,25
Liabilities				
Bank Deposits	1,62	3,83	-	19,61
Customer Deposits	2,42	4,73	-	22,44
Money Market Borrowings	-	-	-	16,50
Subordinated Loans	-	7,63	-	-
Marketable Securities Issued	-	-	-	23,99
Funds Provided From Other Financial Institutions	1,67	4,42	-	8,71

Nature of interest rate risk resulted from banking book:

The interest rate risk for all on-balance sheet and off-balance sheet items, which are interest sensitive, and for banking accounts has been calculated. In calculation of interest rate risk, the bank has no any assumptions for early repayment of loans and demand deposits. Interest rate risk arising from banking accounts is calculated and is reported to BRSA monthly.

Economic value differences resulted from interest rate instabilities calculated according to Regulation on Measurement and Evolution of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method.

Unit of Currency	Applicable Shock (+ / -) base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TL	500	(173.666)	-3,12%
	-400	161.369	2,90%
EUR	200	(68.976)	-1,24%
	-200	(8.236)	-0,15%
USD	200	(27.120)	-0,49%
	-200	34.622	0,63%
Total (For Positive Shock)	-	(269.762)	-4,85%
Total (For Negative Shock)	-	187.755	3,38%

* The intensity and direction of a currency different rows were entered separately for each shock.

The interest rate risk arising from banking book is calculated and reported according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no. 28034 on 23 August 2011. The positive and negative shocks do not show results in the opposite direction in EUR shocks since a floor applies to EUR shocks. The effects of positive and negative shocks result in an opposite direction in internal calculations where aforementioned effects are not included. The impact of interest rate shocks on equity is close to the data described above and within the internal limits.

V. Explanations on Share Certificates Position Risk

The Bank has no outstanding share certificate position.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity risk is the risk, occurring as a result of not having cash in hand or cash inflow at a level and nature to meet cash outflow as a consequence of imbalance in cash flow in time and completely. Liquidity risk consists of sum of two main risk types; funding liquidity risk and market liquidity risk.

Management of the Bank's liquidity risk is carried out in scope of responsibilities of Board of Directors, Risk Committee of the Board, Assets and Liabilities Management Committee (ALCO), Risk Management Department and other business units which are members of ALCO.

Board of Directors have the ultimate responsibility concerning the liquidity risk and its management. Board of Directors have also the responsibility to determine liquidity risk appetite as a part of holistic risk appetite, evaluate and approve proposed limits, approve liquidity risk management policy and confirm changes regarding limit and confinement.

Risk Committee evaluates and approves short, medium and long term liquidity risk management strategies. Risk Committee also provides general adaptability of the Bank to principals and management procedures included in the management of the risk. Risk Committee reviews and evaluates liquidity risk reports periodically.

Assets and Liabilities Management Committee (ALCO) establishes short, medium and long term liquidity management strategies and evaluates the liquidity risk profile of the Bank and impacts of recently developed trends on the liquidity of the Bank through periodical meetings. ALCO makes a decision regarding the qualification of liquidity buffer of the Bank in line with risk appetite and liquidity strategy of the Bank. Additionally, ALCO reviews liquidity reports and feedbacks of the Risk Management, considers Treasury's opinions and action plans and informs Risk Committee and Board of Directors about the possible adverse conditions regarding liquidity and its material impacts.

Risk Management establishes liquidity risk management policy, determines liquidity risk limits and submits these policies and limits to the approval of Board of Directors. It also provides to measure and manage liquidity risk in the framework of risk appetite and limits approved by the Board of Directors. Risk management performs reporting to ALCO, Risk Committee and members of Board of Directors regarding adherence to risk appetite and limit excess. Additionally, risk management is also responsible to form and implement liquidity stress tests and share the results with the related parties.

Liquidity risk analysis and early warning signals are reported to the senior management periodically. Additionally, all the analysis including regulatory and internal rates with respect to liquidity risk are reported to ALCO and limit and warning levels approved by the Board of Directors are monitored periodically and reported to related parties.

The Bank's funding strategy is intended to ensure sufficient liquidity and diversity of funding sources to meet actual and contingent liabilities through both normal and stress periods. A significant part of Bank's liquidity needs is met with deposits which represent the main funding source of the Bank. On the other hand, when it is deemed necessary, bond issuance and pre-financing products can be provided in addition to the aforementioned sources.

Almost all the liabilities of the Bank are denominated in TL, USD or EUR and the concentration risk in the funding sources is monitored closely. Concentration analysis related to deposits are performed and factors, which can deteriorate access to funding sources and trigger a sudden withdrawal of funds at a significant level, are analyzed.

Liquidity risk is closely monitored and managed in order to keep it at a level appropriate to risk appetite and liquidity risk management policies, by promoting diversification of funding sources, keeping high quality liquid assets and reduction or termination of activities causing limit excess.

In scope of the Liquidity Stress Test, the Bank monitors stress scenarios arising from internal and external factors and manages its high quality liquid assets, deposits, other balance sheet items generating cash outflows, loans and other cash inflows in that respect. There are designated risk limits for indicators. The compliance with the risk and the determined risk limits is shared with the Senior Management and the relevant business units and necessary actions are taken.

The Bank has established a Liquidity Emergency Action Plan to explain the actions that should be taken in possible liquidity tightness scenarios. In this context, normal market conditions and various stress levels are defined and action plans are created for each situation. In addition to the Emergency Action Plan, Basic Risk Indicators and Liquidity Early Warning Signals are defined within the scope of Liquidity Risk Management Policy and these indicators are regularly monitored.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage ratios should be at least 80% for foreign currency assets and liabilities and 100% for total assets and liabilities for the year 2019.

Information regarding weekly solo liquidity coverage ratios realized in the forth quarter of 2019 is as follows:

		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
Current Period- 31 December 2019					
HIGH QUALITY LIQUID ASSETS				6.823.367	3.795.111
1	High quality liquid assets	8.453.437	5.396.470	6.823.367	3.795.111
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	15.118.805	9.400.569	1.404.221	940.057
3	Stable deposits	2.153.193	-	107.660	-
4	Less stable deposits	12.965.612	9.400.569	1.296.561	940.057
5	Unsecured Funding other than Retail and Small Business Customer Deposits	5.062.816	3.240.397	2.577.796	1.430.008
6	Operational deposits	1.510	49	378	13
7	Non-Operational Deposits	4.165.581	3.035.627	1.681.693	1.225.274
8	Other Unsecured Funding	895.725	204.721	895.725	204.721
9	Secured funding	15.118.805	9.400.569	1.404.221	940.057
10	Other Cash Outflows	5.148.435	3.940.794	915.421	1.317.684
11	Liquidity needs related to derivatives and market	424.900	965.317	424.900	965.317
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.723.535	2.975.477	490.521	352.367
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			4.897.438	3.687.749
CASH INFLOWS					
17	Secured Lending Transactions	1.697.821	-	-	-
18	Unsecured Lending Transactions	3.683.060	2.341.648	2.953.275	2.060.811
19	Other contractual cash inflows	203.325	1.181.376	203.326	1.181.376
20	TOTAL CASH INFLOWS	5.584.206	3.523.024	3.156.601	3.242.187
				Upper Limit Applied Amounts	
21	TOTAL HQLA			6.823.367	3.795.111
22	TOTAL NET CASH OUTFLOWS			1.744.639	941.438
23	Liquidity Coverage Ratio (%)			404,69	406,93

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Information regarding weekly unconsolidated liquidity coverage ratios realized in the last three month of 2018 is as follows:

Prior Period- 31 December 2018		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				6.208.238	3.623.138
1	High quality liquid assets	6.864.013	4.278.798	6.208.238	3.623.138
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	15.806.394	7.956.685	1.490.758	795.669
3	Stable deposits	1.797.627	-	89.881	-
4	Less stable deposits	14.008.767	7.956.685	1.400.877	795.669
5	Unsecured Funding other than Retail and Small Business Customer Deposits	6.189.246	4.429.787	3.480.782	2.591.903
6	Operational deposits	580	28	145	7
7	Non-Operational Deposits	5.326.154	3.845.889	2.618.126	2.008.026
8	Other Unsecured Funding	862.512	583.870	862.511	583.870
9	Secured funding	-	-	-	-
10	Other Cash Outflows	5.623.925	4.684.430	1.446.835	2.172.052
11	Liquidity needs related to derivatives and market	997.877	1.859.520	997.877	1.859.520
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.626.048	2.824.910	448.958	312.532
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS	-	-	6.418.375	5.559.624
CASH INFLOWS					
17	Secured Lending Transactions	920.967	-	-	-
18	Unsecured Lending Transactions	3.571.735	1.737.497	2.874.332	1.514.067
19	Other contractual cash inflows	581.366	1.415.681	581.366	1.415.681
20	TOTAL CASH INFLOWS	5.074.068	3.153.178	3.455.698	2.929.748
				Upper Limit Applied Amounts	
21	TOTAL HQLA			6.208.238	3.623.138
22	TOTAL NET CASH OUTFLOWS			2.962.677	2.629.875
23	Liquidity Coverage Ratio (%)			219,26	141,93

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

The weeks having the highest and lowest level of liquidity coverage ratios calculated for the last three months and their average values are given below:

	Current Period-31 December 2019		Prior Period-31 December 2018	
	TL+FC	FC	TL+FC	FC
Lowest Week	289,24	295,28	144,62	96,83
	25.10.2019	08.11.2019	12.10.2018	26.10.2018
Highest Week	574,28	506,73	311,33	199,41
	06.12.2019	03.01.2020	16.11.2018	23.11.2018
Average	404,69	406,93	219,26	141,93

Presentation of assets and liabilities according to their remaining maturities:

31 December 2019	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	241.939	3.375.775	-	-	-	-	-	3.617.714
Banks	879.104	1.680.307	-	-	-	-	-	2.559.411
Financial Assets at Fair Value Through Profit and Loss	-	148	616	-	560	2.770	-	4.094
Money Market Placements	-	2.060.644	-	-	-	-	-	2.060.644
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	87.801	295.765	751.243	12.502	1.147.311
Loans	-	3.105.254	868.778	2.407.070	5.395.878	4.728.039	2.803.192	19.308.211
Financial Assets Measured at Amortized Cost	-	8.598	270.214	381.986	1.070.167	621.664	-	2.352.629
Other Assets (**)	-	45	21	181	497	559	1.616.021	1.617.324
Total Assets	1.121.043	10.230.771	1.139.629	2.877.038	6.762.867	6.104.275	4.431.715	32.667.338
Liabilities								
Bank Deposits	701	15.418	36.280	-	-	-	-	52.399
Customer Deposits	2.793.318	13.344.388	4.054.940	1.840.172	12.156	-	-	22.044.974
Money Market Borrowings	-	178.604	-	-	-	-	-	178.604
Miscellaneous Payables	924.204	-	-	-	-	-	-	924.204
Marketable Securities Issued	-	570.504	189.496	-	-	-	-	760.000
Funds Provided From Other Financial Institutions	-	-	2.114	235.357	935.116	687.832	-	1.860.419
Subordinated Loans (***)	-	-	-	-	-	1.735.813	-	1.735.813
Other Liabilities (****)	-	82	48	292	429	557	5.109.517	5.110.925
Total Liabilities	3.718.223	14.108.996	4.282.878	2.075.821	947.701	2.424.202	5.109.517	32.667.338
Liquidity (Gap)/ Surplus	(2.597.180)	(3.878.225)	(3.143.249)	801.217	5.815.166	3.680.073	(677.802)	-
Net Off-Balance Sheet Position	-	(22.501)	(6.903)	27.745	38.597	1	-	36.939
Financial Derivative Assets	-	12.367.445	4.057.201	3.944.478	5.847.170	12.329.416	-	38.545.710
Financial Derivative Liabilities	-	12.389.946	4.064.104	3.916.733	5.808.573	12.329.415	-	38.508.771
Non-Cash Loans	1.749.500	549.397	355.301	1.120.259	-	-	-	3.774.457

Prior period

Total Assets	2.079.608	6.934.965	1.424.687	3.176.091	9.361.125	6.588.819	1.835.323	31.400.618
Total Liabilities	1.287.220	15.338.309	5.495.743	1.565.744	1.213.540	2.703.515	3.796.547	31.400.618
Liquidity (Gap)/ Surplus	792.388	(8.403.344)	(4.071.056)	1.610.347	8.147.585	3.885.304	(1.961.224)	-

(*) The assets which are necessary to provide banking services and can not be liquidated in the short term, such as tangible assets, other assets, current tax assets, equity instruments, and non-performing loans are classified under undistributed.

(**) Other assets includes the asset items except from the presented above and allowance for expected credit losses.

(***) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 17.110 thousands of Tier II sub-loan as of 31 December 2019, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

(****) Other liabilities consist of shareholders' equity amounting to TL 3.299.581, tax liabilities amounting to TL 42.265, provisions amounting to TL 127.431, leasing liabilities amounting to 167.179 and other liabilities amounting to TL 213.559. In addition, other liabilities include derivative financial liabilities amounting to TL 1.260.910.

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Analysis of financial liabilities by remaining contractual maturities (*):

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2019								
Bank Deposits	701	15.515	92.622	-	-	-	-	108.838
Customer deposits	2.793.318	13.382.559	4.111.786	1.923.051	12.688	-	-	22.223.402
Subordinated Loans	-	-	-	-	-	2.984.327	-	2.984.327
Funds Provided From Other Financial Institution:	-	246.450	1.157.990	2.218	892.929	-	-	2.299.587
Funds From interbank money market	-	573.520	191.826	-	-	-	-	765.346
Total	2.794.019	14.218.044	5.554.224	1.925.269	905.617	2.984.327	-	28.381.500

(*) Includes total interest to be paid

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2018								
Bank Deposits	1.783	832.026	321.893	-	-	-	-	1.155.702
Customer deposits	1.285.437	13.971.208	4.490.970	861.635	2.777	-	-	20.612.027
Subordinated Loans	-	-	-	-	-	2.753.825	-	2.753.825
Funds Provided From Other Financial Institution:	-	478.738	457.872	633.605	920.648	864.117	-	3.354.980
Funds From interbank money market	-	-	215.828	-	-	-	-	215.828
Total	1.287.220	15.281.972	5.486.563	1.495.240	923.425	3.617.942	-	28.092.362

(*) Includes total interest to be paid

Breakdown of derivative instruments due to their remaining contractual maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2019						
Gross settled						
Foreign exchange forward contracts	3.215.755	1.253.419	846.397	9.667	-	5.325.238
Currency swaps	17.808.497	4.658.221	3.598.757	3.192.662	-	29.258.137
Interest rate swap agreement	200.000	1.727.319	2.827.260	8.044.606	24.658.831	37.458.016
Foreign currency sell and buy options	3.533.140	482.346	588.796	-	-	4.604.282
Interest rate sell and buy options	-	-	-	408.808	-	408.808
Total	24.757.392	8.121.305	7.861.210	11.655.743	24.658.831	77.054.481

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2018						
Gross settled						
Foreign exchange forward contracts	1.128.044	1.255.200	2.113.904	170	-	4.497.318
Currency swaps	11.421.819	3.289.254	2.223.446	3.999.418	-	20.933.937
Interest rate swap agreement	106.789	330.678	2.216.517	10.111.011	23.672.567	36.437.562
Foreign currency sell and buy options	3.983.347	2.967.178	4.077.188	30.538	-	11.058.251
Interest rate sell and buy options	-	264.888	490.972	-	-	755.860
Total	16.639.999	8.107.198	11.122.027	14.141.137	23.672.567	73.682.928

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VII. Explanations on Leverage Ratio

Information on subjects that causes difference in leverage ratio between current and prior periods:

“Regulation on the Measurement and Evaluation of Banks Leverage Levels” regulates the procedures and principles regarding to ensure adequate capital at the consolidated and non-consolidated basis for exposure of possible risk of Banks. Leverage ratio of the Bank calculated amounting to 8,70% (31 December 2018: 8,53%). According to Regulations, minimum leverage ratio is 3%.

Disclosure of Leverage ratio template:

		Current Period 31 December 2019 (*)	Prior Period 31 December 2018 (*)
	Balance sheet transactions		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	31.651.078	32.488.062
2	(Assets deducted from Core capital)	(109.718)	(105.419)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	31.541.360	32.382.643
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	683.002	800.395
5	Potential credit risk amount of derivative financial assets and credit derivatives	-	-
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	683.002	800.395
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-	-
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	11.626.181	13.563.413
11	(Correction amount due to multiplication with credit conversion rates)	(2.818.558)	(2.632.575)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	8.807.623	10.930.838
	Capital and total risk		
13	Core Capital	3.566.665	3.764.166
14	Total risk amount(sum of lines 3, 6, 9 and 12)	41.031.985	44.113.876
	Leverage ratio		
15	Leverage ratio	8,70	8,53

(*) The arithmetic average of the last 3 months in the related periods.

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VIII. Explanations on Presentation of Financial Assets and Liabilities at Fair Value

	31 December 2019		31 December 2018	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	27.428.206	26.663.393	24.487.484	23.797.657
Money Market Placements	2.060.644	2.060.644	740.121	740.121
Banks	2.559.411	2.559.411	2.002.874	2.002.874
Financial assets at fair value through other comprehensive income	1.147.311	1.147.311	305.458	305.458
Financial assets measured at amortized cost	2.352.629	1.942.647	2.702.342	2.512.496
Loans	19.308.211	18.953.380	18.736.689	18.236.708
Financial Liabilities	25.909.553	25.521.091	26.808.170	26.396.697
Bank Deposits	52.399	52.399	1.154.577	1.154.577
Other Deposits	22.044.974	22.046.041	20.406.471	20.408.220
Funds Borrowed From Other Financial Institutions	178.604	178.533	3.007.182	3.008.513
Subordinated Loans	1.735.813	1.345.492	1.636.012	1.221.615
Issued Bonds	760.000	760.863	207.110	206.954
Miscellaneous Payables	1.137.763	1.137.763	396.818	396.818

The following methods and assumptions were used to estimate the fair value of the financial instruments:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

a) Quoted market prices (non-adjusted) (1st level)

b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)

c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

December 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets	1.146.351	1.389.493	5.054	2.540.898
Financial Assets at Fair Value through Profit and Loss	4.094	-	-	4.094
Financial Assets at Fair Value through Other Comprehensive Income	1.142.257	-	5.054	1.147.311
Derivative Financial Assets at Fair Value through Profit and Loss	-	1.389.493	-	1.389.493
Derivative Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-
Financial Liabilities	-	1.260.910	-	1.192.620
Derivative Financial Liabilities at Fair Value Through Profit and Loss	-	1.260.910	-	1.260.910
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	-	-	-
December 31, 2018	Level 1	Level 2	Level 3	Total
Financial Assets	304.068	1.085.301	4.659	1.394.028
Financial Liabilities	-	1.192.620	-	1.192.620

(*) The Bank has 3rd level financial assets amounting to TL 5.054 (31 December 2018: TL 4.659). The exchange increase in current period is amounting to TL 395.

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IX. Explanations Related to Transactions Carried Out on Behalf on Customers, Items Held in Trust

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

X. Explanations on Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of 31 December 2019:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

a) Overview of RWA

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
		31 December 2019	31 December 2018	31 December 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	21.491.464	21.831.729	1.719.317
2	Standardised approach (SA)	21.491.464	21.831.729	1.719.317
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	509.074	804.718	40.726
5	Standardised approach for counterparty credit risk (SA-CCR)	509.074	804.718	40.726
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	869.103	815.213	69.528
17	Standardised approach (SA)	869.103	815.213	69.528
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2.706.013	2.422.013	216.481
20	Basic Indicator Approach	2.706.013	2.422.013	216.481
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	25.575.654	25.873.673	2.046.052

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X. Explanations on Risk Management (continued)

b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

Current Period	Revalued amount in accordance with TAS as reported in published financial statements	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with Central Bank	3.617.714	3.617.713	-	-	-	-
Financial assets at fair value through profit and loss	4.094	1.383	-	-	4.094	-
Banks	2.559.411	2.559.411	15.145	-	-	-
Money market placements	2.060.644	1.275	-	-	-	-
Expected credit losses (-)	(2.095)	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.147.311	1.134.808	-	-	-	-
Derivative financial assets	1.389.493	-	503.485	-	1.373.662	-
Financial assets measured at amortised cost	2.352.629	2.352.629	-	-	-	-
Expected credit losses (-)	(2.241.673)	(1.464.850)	-	-	-	-
Loans	19.308.211	19.308.211	-	-	-	-
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-
Tangible assets (net)	212.317	212.317	-	-	-	41.543
Intangible assets (net)	74.813	74.813	-	-	-	74.813
Investment property (net)	-	-	-	-	-	-
Tax asset	267.294	283.029	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	590.474	590.474	-	-	-	-
Other assets	1.326.701	1.336.467	-	-	-	-
Total assets	32.667.338	30.007.680	518.630	-	1.377.756	116.356
Liabilities						
Deposit	22.097.373	-	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	1.260.910	-	-	-	1.253.523	-
Loans received	1.860.419	-	-	-	-	-
Money market funds	178.604	-	-	-	-	-
Securities Issued	760.000	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	167.179	-	-	-	-	-
Derivative financial liabilities at fair value through other comprehensive income	-	-	-	-	-	-
Provisions	127.431	-	-	-	-	-
Tax liability	42.265	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	1.735.813	-	-	-	-	-
Other liabilities	1.137.763	-	-	-	-	-
Shareholders' equity	3.299.581	-	-	-	-	-
Total liabilities	32.667.338	-	-	-	1.253.523	-

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X. Explanations on Risk Management (continued)

b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation (continued)

Prior Period	Revalued amount in accordance with TAS as reported in published financial statements	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with Central Bank	3.998.940	3.998.940	-	-	-	-
Financial assets at fair value through profit and loss	3.269	3.269	-	-	3.269	-
Banks	2.002.874	2.001.639	3.273	-	-	-
Money market placements	740.121	54.629	-	-	-	-
Expected credit losses (-)	(428)	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	305.458	295.760	-	-	-	-
Derivative financial assets	1.085.301	-	565.198	-	1.080.990	-
Financial assets measured at amortised cost	2.702.342	2.702.342	-	-	-	-
Expected credit losses (-)	(1.910.400)	(929.953)	-	-	-	-
Loans	20.498.345	20.498.345	-	-	-	-
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-
Tangible assets (net)	86.823	86.823	-	-	-	41.929
Intangible assets (net)	62.942	62.942	-	-	-	62.942
Investment property (net)	-	-	-	-	-	-
Tax asset	350.914	597.735	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	238.525	238.525	-	-	-	-
Other assets	1.235.592	1.235.592	-	-	-	-
Total assets	31.400.618	30.846.588	568.471	-	1.084.259	104.871
Liabilities						
Deposit	21.561.048	-	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	1.076.579	-	-	-	1.053.022	-
Loans received	3.007.182	-	-	-	-	-
Money market funds	100	-	-	-	-	-
Securities Issued	207.110	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	-	-	-	-	-	-
Derivative financial liabilities at fair value through other comprehensive income	116.041	-	-	-	-	-
Provisions	131.324	-	-	-	-	-
Tax liability	48.582	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	1.636.012	-	-	-	-	-
Other liabilities	396.818	-	-	-	-	-
Shareholders' equity	3.219.822	-	-	-	-	-
Total liabilities	31.400.618	-	-	-	1.053.022	-

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X. Explanations on Risk Management (continued)

b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation (continued)

Current Period	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	32.550.982	30.007.680	-	518.630	1.377.756
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	-	-	-	-	1.253.523
Total net amount under scope of regulatory consolidation	32.550.982	30.007.680	-	518.630	124.233
Off-balance sheet amount	7.963.911	7.963.911	-	-	72.251.798
Differences due to risk mitigation	-	(1.591.274)	-	-	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	-
Exposure amounts	40.514.893	36.380.317	-	518.630	72.376.031

Prior Period	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	31.295.747	30.846.588	-	568.471	1.084.259
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	-	-	-	-	1.053.022
Total net amount under scope of regulatory consolidation	31.295.748	30.846.588	-	568.471	31.237
Off-balance sheet amount	11.907.710	11.907.710	-	-	72.556.838
Differences due to risk mitigation	-	(398.257)	-	-	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	-
Exposure amounts	43.203.458	42.356.041	-	568.471	72.588.075

c. Credit risk explanation

1. General qualitative information about credit risk:

Credit Risk Management Department operates under Internal Systems pillar directly subject to Board of Directors as it is mentioned in scope of "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process". Reports, prepared in a wider perspective, are reported to Board of Directors and senior management as well as reports having given minimum standards in scope of aforementioned regulation. Risk Report include customer, group, collateral and sector concentrations, stress tests, risk profile, overdue receivables and specific provision development, close monitoring development and capital adequacy analysis as general scope and main content.

The Bank determines risk limits including all risks and covering all activities of the Bank and those limits are approved by Board of Directors. Limits of the Bank are determined in a way to reflect risk appetite, which is planned to be undertaken, and expectations in economy with our main partner. Credit policies are established in compliance with risk limits accordingly. Those limits are periodically monitored by Risk Management and Board of Directors is informed in scope of respective outputs.

Credit allocation processes are established in line with risk appetite and limits determined in scope of credit policies. In this scope, rating and decision support systems are used in evaluation of credits in order to reflect related risks. Access levels are determined by Board of Directors.

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X. Explanations on Risk Management (continued)

c. Credit risk explanation (continued)

Credit Risk is the possibility of loss to which the current or future return or capital of the bank shall be exposed since the debtor cannot fulfil its liability in due time through violating requirements of related contract. The Bank approaches risk management as a cycle. Credit allocation units, form the first level of line of defence for credit risk in scope of allocation decision. Board of Directors holds the control over credit process in scope of authorization levels. Credit Risk Management Department of the Bank carries out its operations under Internal Systems organization which is directly subject to Board of Directors as it is mentioned in scope of "Communique on Internal Systems and Internal Capital Adequacy Assessment Process of Banks". Risk Management executes measurement, monitoring and reporting activities of credit risk through using statistical methods and forms line of defence at second level. Internal Control and Supervisory Board Directorate forms line of defence at third level in this process.

Board of Directors is responsible for determination of taking risks and appetite level. Board of Directors manages risks through Risk Committee. Committee is responsible for determination of risk policies, measurement and monitoring of risks. Reports, which are issued in a wider perspective in addition to reports whose minimum standards are determined in scope of "Communique on Internal Systems and Internal Capital Adequacy Assessment Process of Banks", are reported to Board of Directors and senior management. The aforementioned reports include customer, group, collateral and sector concentrations; stress tests, risk profile, follow-up and special provision development, close monitoring development and analysis of capital adequacy.

2.Credit quality of assets:

Gross carrying values of (according to TAS)				
31 December 2019	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
1 Loans	2.803.192	16.505.019	2.200.746	17.107.465
2 Debt Securities	-	3.498.980	40.927	3.458.053
3 Off-balance sheet exposures	28.333	7.960.632	34.736	7.954.229
4 Total	2.831.525	27.964.631	2.276.409	28.519.747

Gross carrying values of (according to TAS)				
31 December 2018	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
1 Loans	1.761.656	18.736.689	1.888.699	18.609.646
2 Debt Securities	-	3.001.478	21.807	2.979.671
3 Off-balance sheet exposures	20.789	12.130.339	48.303	12.102.825
4 Total	1.782.445	33.868.506	1.958.809	33.692.142

3. Changes in stock of defaulted loans and debt securities:

	31.12.2019
1 Defaulted loans and debt securities at end of the previous reporting period	1.761.656
2 Loans and debt securities that have defaulted since the last reporting period	1.568.035
3 Returned to non-defaulted status	-
4 Amounts written off	-
5 Other changes ^(*)	(526.499)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	2.803.192

(*) The Bank has sold loans amounting to TL 195.512 and provisioned with TL 105.512 to an asset management company on 15 November 2019.

	31.12.2018
1 Defaulted loans and debt securities at end of the previous reporting period	1.075.472
2 Loans and debt securities that have defaulted since the last reporting period	1.522.197
3 Returned to non-defaulted status	-
4 Amounts written off	(11.935)
5 Other changes	(824.078)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1.761.656

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X. Explanations on Risk Management (continued)

c. Credit risk explanation (continued)

4. Additional disclosure related to the credit quality of assets:

a. Breakdown of receivables by geographical area, sector and outstanding maturity:

Breakdown by geographical area:

	31.12.2019	31.12.2018
Domestic	16.126.149	18.173.281
European Union Countries	113	142.435
OECD Countries (*)	136	3.983
Off-Shore Banking Regions	2.183	20.610
USA, Canada	-	139
Other	376.438	396.241
Total	16.505.019	18.736.689

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector (*):

	31.12.2019	31.12.2018
Agricultural	348.856	383.837
Farming and raising live stock	319.045	328.933
Forestry	-	-
Fishing	29.811	54.904
Manufacturing	4.240.314	4.713.714
Mining	223.911	276.272
Production	2.249.488	2.778.533
Electricity, Gas, Water	1.766.915	1.658.909
Construction	4.666.947	5.096.695
Services	5.522.139	6.595.623
Wholesale and Retail Trade	1.024.724	1.278.041
Hotel, Food, Beverage Services	1.702.750	1.860.383
Transportation and Telecommunication	820.053	1.038.674
Financial Institutions	52.206	205.176
Real Estate and Lending Service	90.995	158.700
Self Employment Service	-	-
Education Service	479.440	812.311
Health and Social Services	1.351.971	1.242.338
Other	1.726.763	1.946.820
Total	16.505.019	18.736.689

(*) Breakdown of sector classified according to type of principal activity of costumers.

Breakdown by outstanding maturity:

31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans	3.105.254	868.778	2.407.070	5.395.878	4.728.039	16.505.019

31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans	2.123.031	913.240	2.665.537	7.388.511	5.646.370	18.736.689

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X. Explanations on Risk Management (continued)

Breakdown by sector (*):

f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

31 December 2019	Non-performing Loans	Provisions
Domestic	2.743.279	1.405.234
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	59.913	59.903
Total	2.803.192	1.465.137

(*) OECD Countries other than EU countries, USA and Canada.

31 December 2018	Non-performing Loans	Provisions
Domestic	1.702.465	880.802
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	59.191	49.150
Total	1.761.656	929.952

(*) OECD Countries other than EU countries, USA and Canada.

31 December 2019	Non-performing Loans	Provisions
Agricultural	44.205	39.860
Farming and raising live stock	44.205	39.860
Forestry	-	-
Fishing	-	-
Manufacturing	662.082	365.855
Mining	146.413	124.414
Production	484.178	222.066
Electricity, Gas, Water	31.491	19.375
Construction	696.420	287.816
Services	791.206	348.551
Wholesale and Retail Trade	412.724	212.383
Hotel, Food, Beverage Services	287.481	86.803
Transportation and Telecommunication	57.172	36.850
Financial Institutions	13.501	3.766
Real Estate and Lending Service	10.186	5524
Self Employment Service	-	-
Education Service	6.633	1305
Health and Social Services	3.509	1.920
Other	609.279	423.055
Total	2.803.192	1.465.137

(*) Classified according to type of principal activity of costumers.

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X. Explanations on Risk Management (continued)

Breakdown by sector (*):

31 December 2018	Non-performing Loans	Provisions
Agricultural	55.289	44.932
Farming and raising live stock	55.289	44.932
Forestry	-	-
Fishing	-	-
Manufacturing	597.454	328.646
Mining	238.128	137.080
Production	266.075	119.049
Electricity, Gas, Water	93.251	72.517
Construction	442.650	182.716
Services	562.350	310.661
Wholesale and Retail Trade	346.302	198.662
Hotel, Food, Beverage Services	104.977	53.710
Transportation and Telecommunication	56.469	37.773
Financial Institutions	17.409	4.824
Real Estate and Lending Service	123	74
Self Employment Service	-	-
Education Service	-	-
Health and Social Services	37.070	15.618
Other	103.913	62.997
Total	1.761.656	929.952

(*) Classified according to type of principal activity of costumers.

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X. Explanations on Risk Management (continued)

5. Expected Credit Loss

a. Expected Credit Loss for Cash and Cash Equivalents

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	428	-	-	428
Additions	9.868	-	-	9.868
Disposals (-)	(8.201)	-	-	(8.201)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	2.095	-	-	2.095

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2018)	25	-	-	25
Additions	1.412	-	-	1.412
Disposals (-)	(1.009)	-	-	(1.009)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	428	-	-	428

b. Expected Credit Loss for Financial Assets Measured at Fair Value through Other Comprehensive Income

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	21.807	-	-	21.807
Additions	52.540	-	-	52.540
Disposals (-)	(33.420)	-	-	(33.420)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	40.927	-	-	40.927

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2018)	14.504	-	-	14.504
Additions	43.922	-	-	43.922
Disposals (-)	(36.619)	-	-	(36.619)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	21.807	-	-	21.807

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X. Explanations on Risk Management (continued)

5. Expected Credit Loss

c. Expected Credit Loss for Loans

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	107.550	851.197	929.952	1.888.699
Additions	98.482	421.849	810.485	1.330.816
Disposals (-)	(130.330)	(305.618)	(477.309)	(913.257)
Sales (-)	-	-	(105.512)	(105.512)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	60.379	(60.379)	-	-
Transfers to Stage 2	(54.015)	54.015	-	-
Transfers to Stage 3	(281)	(307.240)	307.521	-
Balance at the end of the period	81.785	653.824	1.465.137	2.200.746

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2018)	105.024	857.195	437.507	1.399.726
Additions	133.641	511.441	1.080.676	1.725.758
Disposals (-)	(217.492)	(346.644)	(302.510)	(866.646)
Sales (-)	-	-	(358.204)	(358.204)
Write-offs (-)	-	-	(11.935)	(11.935)
Transfers to Stage 1	154.924	(154.924)	-	-
Transfers to Stage 2	(68.369)	68.391	(22)	-
Transfers to Stage 3	(178)	(84.262)	84.440	-
Balance at the end of the period	107.550	851.197	929.952	1.888.699

d. Expected Credit Loss for Non-cash Loans

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	14.076	13.438	20.789	48.303
Additions	23.000	3.739	15.959	42.698
Disposals (-)	(25.049)	(4.003)	(27.213)	(56.265)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfers to Stage 1	10.488	(10.397)	(91)	-
Transfers to Stage 2	(4.850)	4.860	(10)	-
Transfers to Stage 3	(25)	(340)	365	-
Balance at the end of the period	17.640	7.297	9.799	34.736

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2018)	9.731	1.740	11.092	22.563
Additions	20.711	16.667	18.703	56.081
Disposals (-)	(18.847)	(2.184)	(9.310)	(30.341)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfers to Stage 1	5.028	(4.843)	(185)	-
Transfers to Stage 2	(2.425)	2.445	(20)	-
Transfers to Stage 3	(122)	(387)	509	-
Balance at the end of the period	14.076	13.438	20.789	48.303

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X. Explanations on Risk Management (continued)

6. Credit risk mitigation techniques – overview:

The Bank considers appropriate collaterals mentioned in “Regulation on Measurement and Evaluation of Bank’s Capital Adequacy” published on Official Gazette numbered 29511 for the calculation of capital adequacy. Since mortgages determine a receivable class, collateral used in credit risk reduction consists of cash collaterals with blockage.

All expertise reports, get done by the Bank, are assigned to valuation institutions, which are authorized by Banking Regulation and Supervision Agency and also having CMB license. Expertise requests, received from branches for valuation reports issued for the purpose of collateral, are evaluated by Expertise and Mortgage Department and forwarded to contracted valuation institutions through expertise system of the Bank. Valuation institutions submits expertise report through using expertise system of the bank following the completion of expertise activity. The report, submitted by expertise institution, is reviewed by Expertise and Mortgage Department and delivered to branches via aforementioned system. If there exists elements, which are considered as risks, in collateralization, those elements are included in valuation report.

Mortgage transaction is performed by law firms following the collateralization decision. Mortgage request is submitted from branch to our mortgage department via mortgage system of the bank. Mortgage department forwards the request to contracted law firms after controlling the request in question. Authenticated deeds and mortgage receipt certificates are delivered to branches via aforementioned system following the finalisation of mortgage transaction.

If the mortgage is in release phase, release request, submitted by the branch, is delivered to directorate of land registry with release letter which is obtained on mortgage release system following getting approval of required approvers.

An audit report is issued on an annual basis in scope of communique on risk mitigation techniques for received collaterals.

		Exposures not covered with cash collateral	Exposures secured by cash collateral	Exposures secured by cash collateral, of which: secured amount(**)	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans (*)	14.582.992	2.524.473	1.054.708	-	-	-	-
2	Debt securities	3.458.053	-	-	-	-	-	-
3	Total	18.041.045	2.524.473	1.054.708	-	-	-	-
4	Of which defaulted	2.800.965	2.227	929	-	-	-	-

(*) Shows loans that are covered with cash collateral

(**) Shows risk adjusted cash collaterals in line with related BRSA’s credit risk mitigation regulation with the maturity profile of the loan.

7. Qualitative disclosures related to rating grades used by the Banks for the calculation of credit risk with standard approach:

The Bank uses external rating grades provided by Fitch Ratings for the calculation of credit risk with standard method. In this scope, risk weights in Receivables from Central Administrations or Central Banks class of the Bank are determined through taking ratings provided by Fitch Ratings and guidance given by BRSA for the aforementioned CRA into account.

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X. Explanations on Risk Management (continued)

8. Standard approach – credit risk exposure and credit risk mitigation (CRM) effects

Current Period - 31.12.2019		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Assets classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	6.936.733	10	6.953.504	2	1.444.392	21%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	168.014	-	168.014	-	-	-
5	Exposures to international organisations	-	8	-	2	-	-
6	Exposures to institutions	4.393.666	2.046.980	4.393.666	150.936	1.791.027	39%
7	Exposures to corporates	11.011.630	3.693.670	9.645.196	2.565.795	12.210.991	100%
8	Retail exposures	792.969	2.130.179	671.161	57.806	548.274	75%
9	Exposures secured by residential property	78.294	-	78.098	-	27.334	35%
10	Exposures secured by commercial real estate	4.743.285	93.064	4.686.981	68.456	3.467.810	73%
11	Past-due loans	801.222	-	800.261	-	952.592	119%
12	Higher-risk categories by the Agency Board	14.730	-	14.730	-	14.794	100%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	1.585.767	-	1.585.767	-	1.373.925	87%
17	Investments in equities	-	-	-	-	-	-
18	Total	30.526.310	7.963.911	28.997.378	2.842.997	21.831.139	69%

Prior Period - 31.12.2018		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Assets classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	7.414.986	11	8.165.819	2	1.723.392	21%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	6	-	1	-	-
6	Exposures to institutions	2.971.428	7.495.294	2.971.426	99.605	928.172	30%
7	Exposures to corporates	11.026.815	3.522.505	10.329.486	2.456.328	12.785.814	100%
8	Retail exposures	1.486.712	711.735	1.301.430	36.673	1.005.926	75%
9	Exposures secured by residential property	1.154.650	60.496	1.105.991	30.115	397.637	35%
10	Exposures secured by commercial real estate	5.421.177	117.663	5.289.665	94.244	3.704.806	69%
11	Past-due loans	642.088	-	639.501	-	701.448	110%
12	Higher-risk categories by the Agency Board	13.551	-	13.545	-	13.253	98%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	1.283.652	-	1.283.652	-	1.029.708	80%
17	Investments in equities	-	-	-	-	-	-
18	Total	31.415.059	11.907.710	31.100.515	2.716.968	22.290.156	66%

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X. Explanations on Risk Management (continued)

9. Standard approach – exposures by asset classes and risk weights

Current Period - 31.12.2019 Asset classes/ Risk weight(*)	0%	10%	20%	50%(**)	75%	100%	150%	200%	Other (35% - 50%(**))	Total credit risk exposure amount (***)
Exposures to central governments or central banks	4.920.290	-	-	-	-	-	427.784	-	1.605.432	6.953.506
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	168.014	-	-	-	-	-	-	-	-	168.014
Exposures to international organisations	2	-	-	-	-	-	-	-	-	2
Exposures to institutions	-	-	3.069.614	-	-	32.984	423.118	-	1.018.886	4.544.602
Exposures to corporates	-	-	-	-	-	12.210.991	-	-	-	12.210.991
Retail exposures	-	-	-	-	722.774	6.193	-	-	-	728.967
Exposures secured by residential property	-	-	-	-	-	-	-	-	78.098	78.098
Exposures secured by commercial real estate	-	-	-	2.575.255	-	2.180.182	-	-	-	4.755.437
Past-due loans	-	-	-	-	-	191.338	456.792	-	152.131	800.261
Higher-risk categories by the Agency Board	-	-	-	-	-	7.191	3.835	-	3.704	14.730
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other assets	211.842	-	-	-	-	1.373.925	-	-	-	1.585.767
Total	5.300.148	-	3.069.614	2.575.255	722.774	16.002.804	1.311.529	-	2.858.251	31.840.375

(*) Collateralized with the Real Estate Mortgage

(**) Except that Collateralized with the Real Estate Mortgage

(***) After Credit Conversion Rate and after credit risk mitigation

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X. Explanations on Risk Management (continued)

Prior Period - 31.12.2018									Other (35% - 50%(**))	Total credit risk exposure amount (***)
Asset classes/ Risk weight(*)	0%	10%	20%	50%(*)	75%	100%	150%	200%		
Exposures to central governments or central banks	5.532.734	-	-	-	-	813.696	-	-	1.819.391	8.165.821
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	1	-	-	-	-	-	-	-	-	1
Exposures to institutions	-	-	2.528.487	-	-	302.404	-	-	240.140	3.071.031
Exposures to corporates	-	-	-	-	-	12.785.814	-	-	-	12.785.814
Retail exposures	-	-	-	-	1.328.709	9.394	-	-	-	1.338.103
Exposures secured by residential property	-	-	-	-	-	-	-	-	1.136.106	1.136.106
Exposures secured by commercial real estate	-	-	-	3.358.206	-	2.025.703	-	-	-	5.383.909
Past-due loans	-	-	-	-	-	271.261	246.067	-	122.173	639.501
Higher-risk categories by the Agency Board	-	-	-	-	-	10.222	1.369	-	1.955	13.546
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other assets	253.945	-	-	-	-	1.029.708	-	-	-	1.283.653
Total	5.786.680	-	2.528.487	3.358.206	1.328.709	17.248.202	247.436	-	3.319.765	33.817.485

(*) Collateralized with the Real Estate Mortgage

(**) Except that Collateralized with the Real Estate Mortgage

(***) After Credit Conversion Rate and after credit risk mitigation

d. Counterparty Credit risk (CCR) explanations:

1. Qualitative disclosure related to counterparty credit risk:

Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. The Bank monitors Counterparty Credit Risk in the framework of Counterparty Credit Risk and Exchange Risk Management Policy which is approved by Board of Directors. Counterparty Credit Risk and Exchange Risk Management Policy includes rules, limits and actions in case of non-compliance related to transactions in counterparty credit risk and exchange risk.

The Bank internally applies different action rules for each of the action groups determined for measurement of counterparty credit risk. Action groups are divided into Individual Business Line, Non-Individual Business Line (except for Stock Exchange and Banks) and Banks and Stock Exchanges.

Potential and current risk exposures of transactions are calculated/determined in order to determine CCR. Internal netting application is taken into account while calculating risk exposures.

Daily collateral management is performed in accordance with provisions of agreements related to transactions of counterparty credit risk and exchange risk with stock exchanges and banks having ISDA-CSA agreement.

Internal limits related to counterparty credit risk and exchange risk are evaluated by Credits Department with respect to requests from related departments and submitted to the approval of Director of Credits Department, General Manager, Credit Committee or Board of Directors according to magnitude of exposures.

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X. Explanations on Risk Management (continued)

The Bank legally calculates counterparty credit risk and exchange risk in accordance with the rules and explanations mentioned in "Regulation on Measurement and Evaluation of Bank's Capital Adequacy". Counterparty credit risk and exchange risk, calculated legally, is subject to limit of capital adequacy ratio.

2. Analysis of counterparty credit risk (CCR) exposure by approach

		Revaluation Cost	Potential credit risk exposure	EBPRT(*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
Current Year – 31.12.2019							
1	Standart Approach-CCR	237.102	266.385	-	1,4	423.920	336.473
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	15.145	3.202
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	15.145	3.202
6	Total	-	-	-	-	-	339.675

(*) Effective expected positive risk amount

		Revaluation Cost	Potential credit risk exposure	EBPRT(*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
Prior Year – 31.12.2018							
1	Standart Approach-CCR	364.921	200.276	-	1,4	527.507	457.771
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	3.273	655
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	3.273	655
6	Total	-	-	-	-	-	458.426

(*) Effective expected positive risk amount

3. Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Current Year – 31.12.2019			
Total portfolio value with comprehensive approach CVA capital adequacy			
1	(i) Value at risk component (3*multiplier included)	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	475.517	169.399
4	Total amount of CVA capital adequacy	475.517	169.399

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Prior Year – 31.12.2018			
Total portfolio value with comprehensive approach CVA capital adequacy			
1	(i) Value at risk component (3*multiplier included)	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	510.178	346.292
4	Total amount of CVA capital adequacy	510.178	346.292

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X. Explanations on Risk Management (continued)

4. Standard approach – CCR exposures by regulatory portfolio and risk weights

Current Period Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk(*)
Risk Classes									
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Internatinal Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	37.179	226.634	-	-	-	-	120.753
Corporate receivables	-	-	-	-	-	81.760	-	-	81.760
Retail receivables	-	-	-	-	4.098	-	-	-	3.073
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	-	-	37.179	226.634	4.098	81.760	-	-	205.586

(*) Total credit risk; After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: "Central to the counterparty risk" table includes amounts that are not included in the reported counterparty credit risk.

Prior Period Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk(*)
Risk Classes									
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Internatinal Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	16.802	116.431	-	237.508	-	-	299.086
Corporate receivables	-	-	-	-	-	157.242	-	-	157.242
Retail receivables	-	-	-	-	2.797	-	-	-	2.098
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	-	-	16.802	116.431	2.797	394.750	-	-	458.426

(*) Total credit risk; After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: "Central to the counterparty risk" table includes amounts that are not included in the reported counterparty credit risk.

5. Composition of collateral for CCR exposure: Due to absence of derivative collateral considered in the calculation of capital adequacy, related table was not given.

6. Credit derivatives exposures: None.

7. Risk exposure to CCP: None.

e. Explanations Related to Securitization Positions: None.

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X. Explanations on Risk Management (continued)

f. Explanations on Market Risk

Market risk is the probability of impairment of in/off balance sheet positions based on fluctuations in market risk factors. Fluctuations in market risk factors states changes occurring in interest rates, exchange rates, share prices, commodity prices and volatility. Exchange rate and interest rate risks are considered as two of the most significant components forming market risk and derivative financial transactions are made in order to provide hedging from exposed financial risks, when required.

The Bank manages market risk in line with Market Risk Management Policy including rules and limits to be adopted related to management of trading portfolio and required actions to be taken in case of non-compliance. Trading Portfolio Strategy, approved by Board of Directors, determines which products shall be reviewed under trading portfolio. Principles, policies and risk limits with respect to management of market risk are approved by Board of Directors, reviewed periodically and applied by senior management of the Bank and related departments.

The Bank applies legal and internal limits which are determined in scope of measurement of market risk belonging to trading portfolio and approved by Board of Directors. Foreign exchange position, interest rate and volatility limits are included in various breakdowns under internal limits and compliance with limits are monitored and reported daily by Risk Management Department.

Legal capital requirement, sourcing from Market Risk, is calculated and reported using standard method in line with principles related to Calculation of Value at Market Risk of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

Responsibilities of Board of Directors, Member of Board of Directors Responsible from Internal Systems, General Manager, Asset-Liabilities Committee (ALCO), Treasury Department, Finance Department and Risk Management Department with respect to management of Market Risk are determined and detailed in Market Risk Management Policy.

Treasury Front-Office system and Banking Application is used related to measurement and reporting of Market Risk and integration process of a risk software application is still going on.

Standardised approach

	31 December 2019	31 December 2018
	RWA	RWA
Outright products		
1 Interest rate risk (general and specific)	731.565	677.963
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	119.963	74.500
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	17.575	62.750
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	869.103	815.213

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X. Explanations on Risk Management (continued)

g. Explanations on Operational Risk

Basic indicator approach:

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities classified as financial assets at fair value through other comprehensive income (previously, available for sale) and financial assets measured at amortized cost (previously, held-to-maturity), extraordinary income and income derived from insurance claims at year-end.

The value at operational risk is calculated according to the basic indicator approach of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No. 28337 dated June 28, 2012.

	2 PY Amount	1 PY Amount	CY Amount	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross income	1.444.451	1.565.540	1.319.634	1.443.208	15	216.481
The amount subject to operational risk (Total*12,5)						2.706.013

XI. Explanations on Hedge Accounting

None (31 December 2018: TL 800 Million).

XII. Explanations on Segment Reporting

Organized to operate in all operational aspects of banking under the scope of 4th Article of the Banking Law, the Bank is providing diversified financial solutions focused on capital financing, foreign trade, project finance, non-cash products, cash management and internet banking services to commercial (segregated as Corporate, Commercial and SME prior to unification under Commercial Banking in 2018) customers. Retail Banking, formed under three major divisions, namely, Retail Loans, Bank and Credit Cards and Wealth Management, serves to the financial needs of customers through branches, internet and mobile channels. Treasury and Capital Markets department is managing TL and FCY liquidity in healthy and sustainable manner, performing profit oriented trading activities in the market within the limits given by the Board. In addition, Treasury sales unit delivers pricing services of government bills and bonds, Eurobonds and derivatives to the Bank customers.

Current Period (1 January-31 December 2019)	Corporate, Commercial,SME	Retail Banking	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	338.191	213.716	400.170	952.077
Net Fee and Commission Income	115.710	45.580	(54.329)	106.961
Dividend Income	-	-	13	13
Other Operating Income and Net Profit/Loss	16.472	37.097	149.019	202.588
Operating Income	470.373	296.393	494.873	1.261.639
Other Operating Expenses (**)	-	-	(635.524)	(635.524)
Credit and Other Provisions	(464.048)	(62.600)	(9.389)	(536.037)
Profit Before Tax	-	-	90.078	90.078
Tax Provision	-	-	(18.956)	(18.956)
Net Profit	-	-	71.122	71.122
Total Asset	17.925.257	946.209	13.795.872	32.667.338
Segment Assets	17.925.257	946.209	13.795.872	32.667.338
Total Liability	6.377.645	15.586.818	10.702.875	32.667.338
Segment Liability	6.377.645	15.586.818	5.667.481	27.631.944
Subordinated Loan	-	-	1.735.813	1.735.813
Equity	-	-	3.299.581	3.299.581

(*) Shows operating expenses, general provisions and equity items and also funding return on capital, that is calculated as part of bank's asset liability management strategy as well as unallocated liquidity items and their income/expense amounts.

(**) Includes personnel expenses.

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XII. Explanations on Business Segments (continued)

Prior Period (1 January-31 December 2018)	Corporate, Commercial,SME	Retail Banking	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	568.495	219.193	243.499	1.031.187
Net Fee and Commision Income	74.189	58.182	(13.465)	118.906
Dividend Income	-	-	17	17
Other Operating Income and Net Profit/Loss	21.555	21.841	146.011	189.407
Operating Income	664.239	299.216	376.062	1.339.517
Other Operating Expenses (**)	-	-	(658.072)	(658.072)
Credit and Other Provisions	(672.960)	(139.385)	147.530	(664.815)
Profit Before Tax	-	-	16.630	16.630
Tax Provision	-	-	520	520
Net Profit	-	-	17.150	17.150
Total Asset	18.246.462	1.637.463	11.516.693	31.400.618
Segment Assets	18.246.462	1.637.463	11.516.693	31.400.618
Total Liability	5.170.473	15.552.063	10.678.082	31.400.618
Segment Liability	5.170.473	15.552.063	5.822.248	26.544.784
Subordinated Loan	-	-	1.636.012	1.636.012
Equity	-	-	3.219.822	3.219.822

(*) Shows operating expenses, free provisions, general provisions and equity items and also funding return on capital, that is calculated as part of bank's asset liability management strategy as well as unallocated liquidity items and their income/expense amounts.

(**) Includes personnel expenses.

XII. Information on international risk ratings

FITCH RATINGS (January 2020)

Long Term FC B+ / Stable Outlook	B
Short Term FC B	B
Long Term TL BB-/ Stable Outlook	B
Short Term TL B	B
Financial Capacity b+	b
Support 4	5
NSR AA(tur)	BBB(tur)
Long Term National Scale Rating (NSR) Stable	Negative
Subordinated Notes B	B-

MOODY'S RATINGS (June 2019)

Outlook	Negative
Long Term FC Deposit	Caa1
Long Term TL Deposit	Caa1
Short Term FC Deposit	NP
Short Term TL Deposit	NP
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assesment	caa1
Long Term National Scale Rating	Ba1.tr
Short Term National Scale Rating	TR-4

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SECTION FIVE

INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	30.584	161.754	35.273	139.924
Balances with the Central Bank of Turkey	160.213	3.265.163	987.509	2.836.234
Other	-	-	-	-
Total	190.797	3.426.917	1.022.782	2.976.158

b) Information related to the account of the Central Bank of Turkey:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposit	154.643	1.443.395	276.490	1.449.846
Unrestricted Time Deposit	-	-	711.019	-
Restricted Time Deposit	5.570	1.821.768	-	1.386.388
Total	160.213	3.265.163	987.509	2.836.234

c) Explanations related to reserve deposits:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. The CBRT pays interest to banks that provide credit growth in accordance with the communique principles dated December 9, 2019 and numbered 2019/19, for Turkish Lira required reserves.

The required reserve rates for TL liabilities vary between 1 % and 7% for TL deposits and other liabilities according to their maturities as of 31 December 2019 (31 December 2018: 1,5% and 8% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2019 (31 December 2018: 4% and 20% for all foreign currency liabilities).

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I. Explanations and Disclosures Related to the Assets (continued)

2. Information on financial assets at fair value through profit and loss (net):

- a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2018: None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2018: None).
- b) Positive differences related to derivative financial assets held-for-trading:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	11.845	5.668	105.821	2.492
Swap Transactions	687.335	674.774	611.872	208.332
Futures Transactions	-	-	-	-
Options	8.410	1.461	144.883	11.901
Other	-	-	-	-
Total	707.590	681.903	862.576	222.725

3. Information on banks:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	550.424	770	1.058.065	1
Foreign	-	2.008.217	-	944.808
Branches and head office abroad	-	-	-	-
Total	550.424	2.008.987	1.058.065	944.809

Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
European Union Countries	458.262	52.600	-	-
USA and Canada	832.071	885.337	-	-
OECD Countries (*)	446.901	837	-	-
Other	270.983	6.034	-	-
Total	2.008.217	944.808	-	-

4. Information on financial assets at fair value through other comprehensive income:

- a.1) Information on financial assets given as collateral or blocked:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar securities	441.639	298.770	103.131	-
Other	-	-	-	-
Total	441.639	298.770	103.131	-

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I. Explanations and Disclosures Related to the Assets (continued)

4. Information on financial assets at fair value through other comprehensive income: (continued)

a.2) Information on financial assets subject to repurchase agreements:

As of 31 December 2019, financial assets at fair value through other comprehensive income subject to repurchase agreements is amounting to TL 4.208 (31 December 2018: None).

b) Information on financial assets at fair value through other comprehensive income portfolio:

	31 December 2019	31 December 2018
Debt securities	1.187.475	275.717
Quoted on a stock exchange	1.187.475	275.717
Not quoted	-	-
Share certificates	4.898	11.192
Quoted on a stock exchange	-	-
Not quoted	4.898	11.192
Value Increase/Impairment Losses (-)	(45.062)	18.549
Total	1.147.311	305.458

5. Information on loans:

a) Information on all types of loans or advances given to shareholders and employees of the Bank:

	31 December 2019		31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	2.497	-	2.587	-
Corporate shareholders	2.497	-	2.587	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	86.071	-	57.898
Loans granted to employees	3.882	-	4.972	-
Total	6.379	86.071	7.559	57.898

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

b) Information on the first and second group loans including restructured or rescheduled loans:

31 December 2019

Cash Loans	Standard loans	Loans under close monitoring (*)		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	10.947.662	4.628.936	-	928.421
Loans given to enterprises	-	-	-	-
Export loans	656.616	116.332	-	1.275
Foreign loans	334.741	121	-	44.008
Loans given to financial sector	557.231	-	-	-
Consumer loans	442.246	64.188	-	51.646
Credit cards	145.230	26.099	-	-
Other	8.811.598	4.422.196	-	831.492
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	10.947.662	4.628.936	-	928.421

(*) In accordance with TFRS 9 and the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside the loans subject to significant increase in the credit risk of the borrower are included in the above table amounting to TL 612.926.

31 December 2018

Cash Loans	Standard loans	Loans under close monitoring (*)		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	12.702.468	4.929.231	-	1.104.990
Loans given to enterprises	-	-	-	-
Export loans	642.481	41.053	-	3.193
Foreign loans	514.379	-	-	49.029
Loans given to financial sector	12.353	-	-	-
Consumer loans	896.440	136.708	-	45.059
Credit cards	326.805	19.281	-	39.731
Other	10.310.010	4.732.189	-	967.978
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	12.702.468	4.929.231	-	1.104.990

(*) In accordance with TFRS 9 and the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside the loans subject to significant increase in the credit risk of the borrower are included in the above table amounting to TL 1.888.887.

31 December 2019			31 December 2018	
First and Second Stage Expected Loss Provisions	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provisions for possible losses	81.785	-	107.550	-
Significant increase in credit risk	-	653.824	-	851.197
Total	81.785	653.824	107.550	851.197

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

c) Information on loan types and provisions: (*)

31 December 2019	Commercial	Retail	Total
Standard Loans	10.387.312	560.350	10.947.662
Watchlist	4.778.781	165.650	4.944.431
Significant Increase in Credit Risk	612.926	-	612.926
Non-performing Loans	2.685.541	117.651	2.803.192
Specific Provision (-)	(1.389.075)	(76.062)	(1.465.137)
Total	17.075.485	767.589	17.843.074

(*) According to the internal segmentation of the bank

31 December 2018	Commercial	Retail	Total
Standard Loans	11.514.792	1.187.676	12.702.468
Watchlist	3.876.453	268.881	4.145.334
Significant Increase in Credit Risk	1.888.887	-	1.888.887
Non-performing Loans	1.725.561	36.095	1.761.656
Specific Provision (-)	(915.650)	(14.302)	(929.952)
Total	18.090.043	1.478.350	19.568.393

(*) According to the internal segmentation of the bank

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

d) Information on consumer loans and credit cards given to customers and bank's personnel:

31 December 2019	Short Term	Medium and Long Term	Total
Consumer Loans – TL	5.919	529.570	535.489
Housing Loans	-	317.782	317.782
Car Loans	-	1.925	1.925
General Purpose Loans	5.919	209.863	215.782
Other	-	-	-
Consumer Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	152.906	13.657	166.563
With Installments	25.232	13.657	38.889
Without Installments	127.674	-	127.674
Individual Credit Cards-FC	52	-	52
With Installments	-	-	-
Without Installments	52	-	52
Personnel Loans - TL	280	2.296	2.576
Housing Loans	-	-	-
Car Loans	-	18	18
General Purpose Loans	280	2.278	2.558
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	1.302	4	1.306
With Installments	221	4	225
Without Installments	1.081	-	1.081
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts – TL (Real Persons)	20.014	-	20.014
Overdraft Accounts – FC (Real Persons)	-	-	-
Total	180.473	545.527	726.000

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

e) Information on commercial loans with installments and corporate credit cards:

31 December 2019	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TL	505.145	2.223.225	2.728.370
Business Loans	-	4.675	4.675
Car Loans	-	2.061	2.061
General Purpose Loans	505.145	2.216.489	2.721.634
Other	-	-	-
Commercial loans with installment facility-Indexed to FC	-	181.490	181.490
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	181.490	181.490
Other	-	-	-
Commercial loans with installment facility -FC	9.591	8.129.540	8.139.131
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	9.591	8.129.540	8.139.131
Other	-	-	-
Corporate Credit Cards-TL	3.408	-	3.408
With Installments	133	-	133
Without Installments	3.275	-	3.275
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Legal Entities)	8.684	-	8.684
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	526.828	10.534.255	11.061.083

f) Distribution of domestic and foreign loans:

	31 December 2019	31 December 2018
Domestic loans	16.126.149	18.173.281
Foreign loans	378.870	563.408
Total	16.505.019	18.736.689

g) Loans granted to subsidiaries and associates: None. (31 December 2018: None)

h) Expected credit losses provided against loans (Stage 3):

	31 December 2019	31 December 2018
Expected credit losses		
Loans with limited collectability	218.942	144.485
Loans with doubtful collectability	287.403	501.665
Uncollectible loans	958.792	283.802
Total	1.465.137	929.952

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

i) Information on non-performing loans (Net):

i.1) Information on loans and other receivables which are restructured or rescheduled within non-performing portfolio: None.

i.2) The movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 December 2018 balance	288.130	894.700	578.826
Additions (+)	1.658.035	-	-
Transfers from other categories of non-performing loans (+)	-	1.052.331	1.254.488
Transfers to other categories of non-performing loans (-)	1.052.331	1.254.488	-
Collections (-)	232.366	88.107	100.514
Write-offs (-)	-	-	-
Sold	195.512	-	-
Corporate and commercial loans	195.512	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	-
31 December 2019 balance	465.956	604.436	1.732.800
Specific provision (-)	219.146	287.403	958.588
Net Balances on Balance Sheet	246.810	317.033	774.212

i.3) Information on foreign currency non-performing loans and other receivables: None. (31 December 2018: None)

i.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2019 (Net)	246.810	317.033	774.212
Loans to Real Persons and Legal Entities (Gross)	465.956	604.436	1.732.800
Specific provision (-)	219.146	287.403	958.588
Loans to Real Persons and Legal Entities (Net)	246.810	317.033	774.212
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2018 (Net)	143.645	393.035	295.024
Loans to Real Persons and Legal Entities (Gross)	288.130	894.700	578.826
Specific provision (-)	144.485	501.665	283.802
Loans to Real Persons and Legal Entities (Net)	143.645	393.035	295.024
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

i.5) Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)			
Interest Accruals, Rediscounts and Valuation Differences	21.412	81.979	212.342
Special Provision Amount (-)	21.412	81.979	212.342
Prior Period (Net)	-	-	-
Interest Accruals, Rediscounts and Valuation Differences	4.414	31.110	17.415
Special Provision Amount (-)	4.414	31.110	17.415

j) Main principles of liquidation policies of non-performing loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 29750 dated June 22, 2016; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree. As of 31 December 2019, the net amount after provisions of the non-performing loans and receivables is TL 774.212 (31 December 2018: TL 295.024).

k) Explanations on write-off policy:

Loans and receivables considered as non-collectable are written-off pursuant to approval of Board of Directors (BoD) and treated accordingly as per the requirements of tax legislation.

The Bank has no written-off loans in the current period (31 December 2018: TL 11.935).

6. Information on financial assets measured at amortized cost:

a) Information on financial assets given as collateral or blocked: As of 31 December 2019, financial assets measured at amortized cost given as collateral is amounting to TL 1.046.277.

As of 31 December 2018, amortized cost investments given as collateral is amounting to TL 1.590.108.

b) Investments and legal liabilities subject to repurchase agreements: As of 31 December 2019, financial assets measured at amortized cost subject to repurchase agreements is amounting to TL 235.447 (31 December 2018: TL 103).

c) The Bank has TL 2.352.629 financial assets measured at amortized cost as of 31 December 2019 (31 December 2018: TL 2.702.342).

d.1) Movement on financial assets measured at amortized cost:

	31 December 2019	31 December 2018
Beginning Balance	2.702.342	447.133
Foreign Currency Differences on Monetary Assets (*)	54.669	970.579
Purchases During Year	360.248	1.409.714
Transfers (**)	-	1.254.532
Disposals Through Sales and Redemptions	(764.630)	(1.379.616)
Impairment Provision (-)	-	-
Total	2.352.629	2.702.342

(*) Represents exchange differences and accrual interest.

(**) As of January 1, 2018, the Group has changed its business model for some government debt securities with the adoption of TFRS 9. As a result government bonds with an amount of TL 1.254.532 has been classified from "Financial assets at fair value through other comprehensive income" to "Financial assets measured at mortized cost".

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7. Information on associates (Net):

The Bank has no associates in the current period (31 December 2018: None).

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period (31 December 2018: None).

9. Information on jointly controlled entities:

The Bank has no jointly controlled entities in the current period (31 December 2018: None).

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period (31 December 2018: None).

11. Information on derivative financial assets for hedging purposes:

As of 31 December 2019, The Bank has no derivative financial assets for hedging purposes (31 December 2018: TL 800 Million).

12. Information on tangible assets (Net):

	Closing Balance December 31,					Change in estimate	Ending Balance December 31,
	2018	Additions	Disposals	Other			2019
Cost:							
Land and buildings	9.174	-	-	-	-	-	9.174
Leased tangible assets	-	160.603	-	-	-	-	160.603
Vehicles	-	-	-	-	-	-	-
Other	250.765	24.665	(11.469)	-	-	-	263.961
Total Cost	259.939	185.268	(11.469)	-	-	-	433.738
	Closing Balance December 31,					Change in estimate	Ending Balance December 31,
	2018	Additions	Disposals	Other			2019
Accumulated Depreciation:							
Land and buildings	1.129	183	-	-	-	-	1.312
Leased tangible assets	-	32.053	-	-	-	-	32.053
Vehicles	-	-	-	-	-	-	-
Other	171.987	24.416	(8.347)	-	-	-	188.056
Total Accumulated Depreciation	173.116	56.652	(8.347)	-	-	-	221.421
Net Book Value	86.823	128.614	(3.120)	-	-	-	212.317

a) Disclosure for impairment losses or releases individually material for financial statements:

a.1) Conditions for allocating/releasing any impairment: None. (31 December 2018: None)

a.2) Amount of impairment losses provided or released in financial statements during current period: None (31 December 2018: None).

b) Disclosure on conditions and amounts of allocating / releasing any impairment as per asset class, which are not individually but on an aggregated basis material to financial statements: None (31 December 2018: None).

c) Restriction on tangible assets, capitalized expenditures and purchase commitments: None (31 December 2018: None).

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I. Explanations and Disclosures Related to the Assets (continued)

13. Information on intangible assets:

	Closing Balance December 31, 2018	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2019
Cost:						
Software cost	196.220	43.279	-	-	-	239.499
Other intangible assets	-	-	-	-	-	-
Total Cost	196.220	43.279	-	-	-	239.499
	Closing Balance December 31, 2018	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2019
Accumulated Depreciation:						
Software cost	133.278	31.408	-	-	-	164.686
Other intangible assets	-	-	-	-	-	-
Total Accumulated Depreciation	133.278	31.408	-	-	-	164.686
Net Book Value	62.942	11.871	-	-	-	74.813

14. Investment Property (Net):

None (31 December 2018: None).

15. Explanations on deferred tax assets:

- a) As of 31 December 2019, the Bank has deferred tax asset amounting to TL 245.840 arising from deductible temporary differences (31 December 2018: TL 272.167).

	Current Period		Prior Period	
Timing differences constituting the basis for deferred tax	Basis	Deferred tax asset/(liability)	Basis	Deferred tax asset/(liability)
Difference between net book value and tax value of financial assets	930.659	192.245	1.037.267	215.699
Provisions (*)	52.831	11.623	137.510	30.252
TFRS 16 – Leasings	71.362	14.272	-	-
Deferred commissions	38.596	8.491	53.399	11.748
Tangible assets differences	21.137	4.528	-	-
Other (**)	392.937	86.446	118.957	26.171
Deferred Tax Asset	1.507.522	317.605	1.347.133	283.870
Tangible assets differences	-	-	41.084	8.861
Other	326.912	71.765	-	-
Deferred Tax Liability (-)	326.912	71.765	56.193	11.703
Total deferred tax assets, net	1.180.610	245.840	1.290.940	272.167

(*) Provisions does not include loan impairment.

(**) The Bank has tax losses carried forward amounting to TL 180.722 and TL 112.856 as of 31 December 2018 and 2019, respectively. Carried forward tax losses can be available for to be offset from tax profit until 2023 corporate tax return is declared.

- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None (31 December 2018: None).

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I. Explanations and Disclosures Related to the Assets (continued)

15. Explanations on deferred tax assets (continued)

Net deferred tax asset / (debt)	Current Period (1 January-31 December 2019)	Prior Period (1 January-31 December 2018)
As of January 1	272.167	64.664
TFRS 16 transition effect	15.234	-
TFRS 9 transition effect	-	181.964
Deferred tax income/(expense) in profit or loss table	(18.956)	520
Deferred tax income / (expense) under equity	(22.605)	25.019
Ending balance	245.840	272.167

16. Information on assets held for sale and discontinued operations:

As of 31 December 2019 the Bank has assets held for sale and discontinued operations amounting to TL 590.474 (31 December 2018: TL 238.525).

The Bank, in some portion of the foreclosed assets, provides repurchase right to the debtor.

The Bank, in some portion of the foreclosed assets, provides repurchase right to the debtor. As of 31 December 2019, the right of repurchase value of assets of the Bank is TL 370.091 (31 December 2018: TL 109.922).

17. Information on other assets

- Other assets do not exceed 10% of the balance sheet total (excluding off balance sheet commitments).
- Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None (31 December 2018: None).

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a) 31 December 2019

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	268.713	-	2.084.708	2.609.898	22.856	14.723	795.917	-	5.796.815
Foreign currency deposits	1.190.360	-	1.994.754	9.342.805	939.740	123.077	68.095	-	13.658.831
Residents in Turkey	1.120.029	-	1.967.775	9.057.806	868.554	118.983	57.942	-	13.191.089
Residents abroad	70.331	-	26.979	284.999	71.186	4.094	10.153	-	467.742
Public sector deposits	46.131	-	-	-	-	-	-	-	46.131
Commercial deposits	987.874	-	304.490	814.295	4.867	832	3.683	-	2.116.041
Other institutions deposits	862	-	2.139	116.316	-	8.125	336	-	127.778
Precious metals deposits	299.378	-	-	-	-	-	-	-	299.378
Interbank deposits	701	-	-	22.161	-	28.135	1.402	-	52.399
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	6.742	-	-	1.402	-	8.144
Foreign Banks	701	-	-	15.419	-	28.135	-	-	44.255
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	2.794.019	-	4.386.091	12.905.475	967.463	174.892	869.433	-	22.097.373

31 December 2018

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	181.519	-	2.178.815	3.514.392	884.176	180.701	214.209	-	7.153.812
Foreign currency deposits	824.303	-	1.783.651	8.800.322	276.357	109.017	29.399	-	11.823.049
Residents in Turkey	712.093	-	1.759.733	8.508.407	272.268	100.614	25.726	-	11.378.841
Residents abroad	112.210	-	23.918	291.915	4.089	8.403	3.673	-	444.208
Public sector deposits	21.063	-	-	23	2.897	-	-	-	23.983
Commercial deposits	159.718	-	331.912	635.614	26.447	14.265	24.095	-	1.192.051
Other institutions deposits	791	-	2.236	106.013	1.377	4.204	912	-	115.533
Precious metals deposits	98.043	-	-	-	-	-	-	-	98.043
Interbank deposits	1.783	-	694.775	416.915	15.727	25.377	-	-	1.154.577
Central Bank of Turkey	-	-	694.775	-	-	-	-	-	694.775
Domestic Banks	-	-	-	8.713	-	-	-	-	8.713
Foreign Banks	1.783	-	-	408.202	15.727	25.377	-	-	451.089
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1.287.220	-	4.991.389	13.473.279	1.206.981	333.564	268.615	-	21.561.048

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II. Explanations and Disclosures Related to the Liabilities (continued)

b.1) Information on saving deposits under the guarantee of saving deposits insurance:

Information on saving deposits and exceeding the limit of insurance saving deposits:

Saving deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Saving deposits	2.666.104	2.276.735	3.130.711	4.877.077
Foreign currency saving deposits	1.269.116	661.989	9.682.751	8.492.055
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	3.935.220	2.938.724	12.813.462	13.369.132

(*) Accruals were included to deposits under the guarantee of insurance in accordance with BRSA declaration numbered 1584 dated February 23, 2005.

b.2) Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	31 December 2019	31 December 2018
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	4.958	5.939
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities at fair value through profit or loss:

a) Negative differences table related to derivative financial liabilities at fair value through profit or loss:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	29.982	4.977	53.932	4.127
Swap Transactions	532.469	686.807	611.320	210.786
Futures Transactions	-	-	-	-
Options	5.678	997	190.009	6.405
Other	-	-	-	-
Total	568.129	692.781	855.261	221.318

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II. Explanations and Disclosures Related to the Liabilities (continued)

3. Information on borrowings:

a) Information on banks and other financial institutions:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
From Domestic Banks and Institutions	16.497	39.030	2.549	12.812
From Foreign Banks, Institutions and Funds	-	1.804.892	-	2.991.821
Total	16.497	1.843.922	2.549	3.004.633

b) Maturity analysis of borrowings:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Short-term	16.497	168.460	2.549	923.360
Medium and long-term	-	1.675.462	-	2.081.273
Total	16.497	1.843.922	2.549	3.004.633

4. Information on funds provided from repurchase agreement transactions:

a) Funds Provided Under Repurchase Agreements:

	31 December 2019	31 December 2018
Funds Provided Under Repurchase Agreements	178.604	100
Total	178.604	100

5. Marketable Securities Issued (Net):

	31 December 2019		31 December 2018	
	TP	YP	TP	YP
Bond	760.000	-	207.110	-
Toplam	760.000	-	207.110	-

6. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None (31 December 2018: None).

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II. Explanations and Disclosures Related to the Liabilities (continued)

7. Explanations on lease obligations (Net):

	31 December 2019	
	Gross	Net
Less Than 1 Year	7.578	6.964
Between 1-4 Years	72.701	54.340
More Than 4 Years	168.269	105.875
Total	248.548	167.179

The Bank has no lease obligation as of 31 December 2018.

8. Information on derivative financial liabilities at fair value through other comprehensive income:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	-	116.041	-
Total	-	-	116.041	-

As of 31 December 2019, The Bank has no cash flow hedge (31 December 2018: TL 800 Million).

In the periods in which the cash flows (interest expenses) of the hedged item affects the income statement, the profit/loss of the hedging instrument is recognized in the income statement from equity. In this context, after tax loss of TL 28.769 was transferred from equity to income statement in 2019 (31 December 2018: TL 20.299).

9. Information on provisions:

- a) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (31 December 2018: None).
- b) Information on employee termination benefits and unused vacation accrual:
 - b.1) Information on employee termination benefits and unused vacation accrual:

	31 December 2019	31 December 2018
Employee termination benefit provision	8.216	6.644
Unused vacation provision	6.355	5.203
Total of provision for employee benefits	14.571	11.847

The Bank reserved for employee severance indemnities using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits" for all its employees who retired or whose employment is terminated, called up for military service or died.

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II. Explanations and Disclosures Related to the Liabilities (continued)

9. Information on provisions (continued):

b.2) Movements in the employee termination benefit provision during the year:

	31 December 2019	31 December 2018
Balance at the beginning of period	6.644	5.745
Service Cost	609	1.689
Interest expense	325	632
Actuarial gain/loss (*)	2.543	706
The amount of provision	(1.905)	(2.128)
Balance at the end of period	8.216	6.644

(*) Recognized under other comprehensive income.

	Current Period	Prior Period
Discount rate in real terms	3,83%	2,78%
Interest rate	13,90%	11,00%
Estimated salary/ Employee termination benefit increase rate	8,83%	8,00%

c) Information on other provisions:

c.1) Provisions for possible losses: None. (31 December 2018: TL 16.385).

c.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions: Other provisions consist of litigation provision amounting to TL 32.500 (31 December 2018: TL 20.000), provision for credit cards promotion and banking services amounting to TL 253 (31 December 2018: TL 539) and other provisions amounting to TL 45.371 (31 December 2018: TL 34.250).

c.3) Expected loss provisions for non-cash loans: TL 34.736 (31 December 2018: TL 48.303 provision).

d) Liabilities on pension rights: None.

d.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2018: None).

d.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None (31 December 2018: None).

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II. Explanations and Disclosures Related to the Liabilities (continued)

10. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of 31 December 2019, the Bank has no provision of corporate income tax (31 December 2018: None).

a.2) Explanations on taxes payable:

	31 December 2019	31 December 2018
Withholding tax on deposits	19.086	23.343
BITT	12.579	15.780
Payroll Tax	3.638	3.073
Property Tax	483	494
Value Added Tax Payable	1.581	1.692
Stamp Tax	115	94
Corporate Taxes Payable	-	-
Foreign Exchange Tax	457	-
Other	503	1.010
Total	38.442	45.486

a.3) Information on premiums:

	31 December 2019	31 December 2018
Social Security Premiums-Employee	1.638	1.325
Social Security Premiums-Employer	1.841	1.491
Unemployment Insurance-Employer	229	187
Unemployment Insurance-Employee	115	93
Bank Social Aid Pension Fund Premium-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Other	-	-
Total	3.823	3.096

b) Explanations on deferred tax liabilities, if any: None.

11. Information on liabilities regarding assets held for sale and discounted operations: None (31 December 2018: None).

12. Information on subordinated loans:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	-	-	-
From other foreign institutions	-	1.735.813	-	1.636.012
Total	-	1.735.813	-	1.636.012

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II. Explanations and Disclosures Related to the Liabilities (continued)

12. Information on subordinated loans (continued)

The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 670 thousands of Tier II sub-loan on 5 December 2018, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion. As of 31 December 2019, the total amount of Tier II sub-loan the Bank has bought back amounts to USD 17.110 thousand. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

13. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of 31 December 2019 the Bank's paid in capital consists of TL 3.288.842.000 shares which nominal value is TL 1(full TL).

TL	31 December 2019	31 December 2018
Common stock (*)	3.288.842	3.288.842
Preferred stock	-	-
Total	3.288.842	3.288.842

(*) Nominal Capital

b) The registered capital system is not applied in the bank.

c) Information on share capital increases and their sources: None.

d) Information on share capital increases from revaluation funds in the current period: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank takes timely action to strengthen its equity in accordance with previous indicators of the Bank's income, profitability and liquidity and taking into consideration and evaluations made within the frame of those indicators and changes in accounting policies.

g) Information on preferred shares: None.

h) Information on marketable securities value increase fund:

	31 December 2019	31 December 2018
Valuation Difference	36.052	(20.043)
Foreign Exchange Difference	-	-
Total	36.052	(20.043)

i) Information on legal reserves:

	31 December 2019	31 December 2018
Primary Legal Reserves	26.149	25.291
Secondary Legal Reserve	-	-
Other Legal Reserves Per Special Legislation	-	-
Total	26.149	25.291

The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2019 to book legal reserves of TL 858, which is 5% of the distributable net statutory profit of TL 17.150 and the remaining amount of TL 16.292 has been decided to be reserved as extraordinary reserves.

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II. Explanations and Disclosures Related to the Liabilities (continued)

j) Earnings per share:

	31 December 2019	31 December 2018
Bank's profit	71.122	17.150
Weighted Average Number of Issued Ordinary Shares (Thousand)	3.288.842	3.288.842
Earnings Per Share	0,022	0,050

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

14. Information on minority shares: None.

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	31 December 2019	31 December 2018
Forward asset purchase and sales commitments	1.919.570	7.631.324
Loan granting commitments	181.114	231.914
Commitments for checks	57.317	58.384
Credit card limit commitments	2.025.293	534.388
Other irrevocable commitments	10.482	9.336
Total	4.193.776	8.465.346

b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

	31 December 2019	31 December 2018
Letters of guarantee	1.774.951	1.795.569
Letters of credit	749.939	669.337
Bank acceptance loans	395.765	651.057
Other guarantees	853.802	569.819
Total	3.774.457	3.685.782

b.2) Guarantees, suretyships, and similar transactions:

	31 December 2019	31 December 2018
Definite letter of guarantees	900.655	927.740
Temporary letter of guarantees	50.888	55.550
Other letter of guarantees	823.408	812.279
Total	1.774.951	1.795.569

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(continued)

c) Total amount of non-cash loans:

	31 December 2019	31 December 2018
Non-cash loans given to cover cash loans	675.927	624.151
With maturity of 1 year or less than 1 year	675.927	624.151
With maturity of more than 1 year	-	-
Other non-cash loans	3.098.530	3.061.631
Total	3.774.457	3.685.782

c.2) Information on sectoral risk breakdown of non-cash loans and irrevocable loan commitments (excluding forward asset sales and purchase commitments):

	December 31, 2019			
	TL	(%)	FC	(%)
Agricultural	3.456	0,40	51.809	1,78
Farming and raising livestock	1.911	0,22	21.003	0,72
Fores TL	-	0,00	-	0,00
Fishery	1.545	0,18	30.806	1,06
Manufacturing	248.967	29,00	1.809.159	62,04
Mining	21.417	2,49	1.011	0,03
Production	218.808	25,49	1.803.300	61,84
Electric, gas and water	8.742	1,02	4.848	0,17
Construction	269.805	31,43	48.724	1,67
Services	324.856	37,84	963.784	33,05
Wholesale and retail trade	223.551	26,04	470.733	16,14
Hotel, food and beverage services	2.061	0,24	89.173	3,06
Transportation and telecommunication	43.586	5,08	181.102	6,21
Financial institutions	3.808	0,44	194.004	6,65
Real estate and renting services	28.643	3,34	682	0,02
Self-employment services	5.651	0,66	2.716	0,09
Education services	100	0,01	0	0,00
Health and social services	17.456	2,03	25.374	0,87
Other	11.444	1,33	42.453	1,46
Total	858.528	100,00	2.915.929	100,00

(*) Classified according to type of principal activity of costumers.

	December 31, 2018			
	TL	(%)	FC	(%)
Agricultural	5.163	0,61	11.603	0,41
Farming and raising livestock	4.406	0,52	11.603	0,41
Fores TL	-	-	-	-
Fishery	757	0,09	-	-
Manufacturing	169.533	20,12	1.886.571	66,35
Mining	23.530	2,79	15.463	0,54
Production	136.264	16,17	1.728.862	60,81
Electric, gas and water	9.739	1,16	142.246	5,00
Construction	411.845	48,88	129.768	4,56
Services	248.123	29,45	815.167	28,67
Wholesale and retail trade	156.790	18,61	434.364	15,28
Hotel, food and beverage services	2.144	0,25	82.706	2,91
Transportation and telecommunication	41.816	4,96	142.583	5,01
Financial institutions	3.133	0,37	120.881	4,25
Real estate and renting services	18.475	2,19	1.498	0,05
Self-employment services	6.566	0,78	10.863	0,38
Education services	340	0,04	111	-
Health and social services	18.859	2,24	22.161	0,78
Other	7.834	0,93	175	0,01
Total	842.498	100,00	2.843.284	100,00

(*) Classified according to type of principal activity of costumers.

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

c.3) Information on I st and II nd group non-cash loans:

31/12/2019	I st Group		II nd Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	798.056	730.945	50.308	195.642
Bank acceptances	-	373.045	-	22.720
Letters of credit	10.164	738.588	-	1.187
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Factoring Commitments	-	-	-	-
Other commitments and contingencies	-	853.802	-	-
			-	-
Total	808.220	2.696.380	50.308	219.549

31/12/2018	I st Group		II nd Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	694.020	673.466	130.374	284.462
Bank acceptances	3.423	646.200	1.434	-
Letters of credit	-	668.281	-	1.056
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Factoring Commitments	-	-	-	-
Other commitments and contingencies	-	564.139	-	5.680
Total	697.443	2.552.086	131.808	291.198

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

2) Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading	Hedging	Trading	Hedging
	December 31, 2019	December 31, 2019	December 31, 2018	December 31, 2018
Types of trading transactions				
Foreign currency related derivative transactions (I):	39.187.657	-	36.489.506	-
Forward transactions	5.325.238	-	4.497.318	-
Swap transactions	29.258.137	-	20.933.937	-
Futures transactions	-	-	-	-
Option transactions	4.604.282	-	11.058.251	-
Interest related derivative transactions (II) :	37.866.824	-	36.393.422	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	37.458.016	-	35.637.562	-
Interest option transactions	408.808	-	755.860	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)	-	-	-	-
A. Total trading derivative transactions (I+II+III)	77.054.481	-	72.882.928	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	800.000
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	-	-	-	800.000
Total Derivative Transactions (A+B)	77.054.481	-	72.882.928	800.000

Forward foreign currency, swap and option transactions include mainly proprietary transactions as well as customer deals, which are entered into for hedging of foreign exchange and interest rate risk purposes regardless of them being subject to hedge accounting and measured at fair value in line with Turkish accounting Standards. Both legs of every derivative transaction are aggregated in the table.

2. Information related to credit derivatives and risk exposures:

None.

3. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of jointly controlled entity (joint venture) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in jointly controlled entities (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: None.
 - b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: None.

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IV. Explanations and Disclosures Related to the Statement of Profit or Loss

1. a) Information on interest on loans:

Interest on loans	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Short term loans	656.702	78.679	713.448	47.031
Medium and long term loans	867.955	640.920	1.208.346	728.746
Interest collected from non-performing loans	8.877	-	8.104	-
Total	1.533.534	719.599	1.929.898	775.777

b) Information on interest received from banks:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
From The Central Bank of Republic of Turkey	3.208	-	53.223	-
From domestic banks	89.736	5.487	143.778	3.298
From foreign banks	44	87.404	20	11.464
From branches and offices abroad	-	-	-	-
Total	92.988	92.891	197.021	14.762

c) Interest received from marketable securities portfolio:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss (Net)	506	280	1.061	1
Financial assets at fair value through other comprehensive income	61.793	10.766	45.387	20.046
Financial Assets Measured at Amortized Cost	121.921	110.564	67.367	115.197
Total	184.220	121.610	113.815	135.244

2. a) Information on interest on funds borrowed:

Interest on funds borrowed	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Banks	1.815	83.014	153	131.361
The Central Bank of Turkey	-	-	-	-
Domestic banks	1.815	880	153	584
Foreign banks	-	82.134	-	130.777
Branches and offices abroad	-	-	-	-
Other institutions	-	-	-	-
Total	1.815	83.014	153	131.361

b) Information on interest expense to associates and subsidiaries: None.

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IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)

c) Information on interest expense to marketable securities issued: As of 31 December 2019, the Bank has interest expense to Tier II sub-loan issued amounting to TL 271.116 (31 December 2018: TL 126.590).

d) Distribution of interest expense on deposits based on maturity of deposits:

31 December 2019								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	2.579	-	-	-	-	-	2.579
Saving deposits	-	347.164	524.433	49.948	20.581	117.380	-	1.059.506
Public sector deposits	-	-	169	191	-	-	-	360
Commercial deposits	25	42.163	99.250	1.662	1.313	4.080	-	148.493
Other deposits	-	694	11.187	120	488	173	-	12.662
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	25	392.600	635.039	51.921	22.382	121.633	-	1.223.600
Foreign Currency								
Foreign currency deposits	161	56.362	244.992	20.591	3.452	1.779	-	327.337
Bank deposits	-	2.381	-	-	-	-	-	2.381
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	161	58.743	244.992	20.591	3.452	1.779	-	329.718
Grand Total	186	451.343	880.031	72.512	25.834	123.412	-	1.553.318
31 December 2018								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	5.008	-	-	-	-	-	5.008
Saving deposits	240	360.462	863.501	31.375	5.382	6.275	-	1.267.235
Public sector deposits	-	64	28	1.706	-	-	-	1.798
Commercial deposits	67	52.195	192.373	5.493	885	1.543	-	252.556
Other deposits	-	563	11.259	36	161	43	-	12.062
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	307	418.292	1.067.161	38.610	6.428	7.861	-	1.538.659
Foreign Currency								
Foreign currency deposits	176	46.401	455.622	2.944	6.333	952	-	512.428
Bank deposits	-	16.347	-	-	-	-	-	16.347
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	176	62.748	455.622	2.944	6.333	952	-	528.775
Grand Total	483	481.040	1.522.783	41.554	12.761	8.813	-	2.067.434

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IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)

3. Information on Dividend Income: At the end of December, the Bank has TL 13 dividend income collected from share certificates (31 December 2018: TL 17).

4. Information on net trading income:

	31 December 2019	31 December 2018
Income	44.640.091	69.473.595
Gains on capital market operations	34.523	1.132
Gains on derivative financial instruments	2.749.286	5.253.656
Foreign exchange gains	41.856.282	64.218.807
Losses (-)	44.629.242	69.428.557
Losses on capital market operations	6.144	59.562
Losses on derivative financial instruments	2.569.644	4.456.976
Foreign exchange losses	42.053.454	64.912.019
Net Amount	10.849	45.038

5. Information on other operating income:

	31 December 2019	31 December 2018
Income from Reversal of Prior Years' Provisions	171.114	115.357
Other Income	20.625	29.012
Total	191.739	144.369

6. Provision for impairment of loans and other receivables:

a) Expected credit loss provisions:

	31 December 2019	31 December 2018(*)
Expected Credit Loss Provisions	536.037	664.815
12-Month Expected Credit Losses (Stage 1)	2.406	-
Significant Increase In Credit Risk (Stage 2)	6.575	-
Credit-Impaired (Stage 3)	527.056	664.815
Impairment Provisions For Financial Assets	-	-
Financial Assets At Fair Value Through Profit Or Loss	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
Impairment Provisions Related To Investments In Associates, Subsidiaries And Jointly Controlled Partnerships (Joint Ventures)	-	-
Investments in associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	-	-
Total	536.037	664.815

(*) Includes reversal amounting to TL 206.891 which do not meet the required accounting criteria under TAS 37.

b) Other Provisions:

As of 31 December 2019, there is no provision for possible risks.

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IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)

7. Information on other operating expenses:

	31 December 2019	31 December 2018
Employee termination benefit provision	934	193
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Amortization expenses of fixed assets	48.305	26.557
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	31.408	32.072
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Amortization expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	302.461	386.328
Leasing expenses related to TFRS 16 exemptions (*)	6.854	83.696
Maintenance expenses	9.653	4.597
Advertisement expenses	21.059	24.309
Other expenses (**)	264.895	273.726
Loss on sales of assets	-	-
Other	-	-
Total	383.108	445.150

(*) 31 December 2018 amount represents total of operational lease expenses.

(**) Other operating expenses majorly consist of IT expenses, premiums for saving deposit insurance fund, auditing and consultancy services, credit card related expenses, support services and other expenses.

8. Information on profit/(loss) from continued and discontinued operations before taxes:

As of 31 December 2019, the Bank's profit before tax from continued operations is TL 90.078 (31 December 2018: TL 16.630).

9. Information on tax provision for continued and discontinued operations:

As of 31 December 2019, The Bank has deferred tax expense amounting to TL 18.956 (31 December 2018: TL 520 deferred tax income).

10. Information on net profit/(loss) from continued and discontinued operations:

As of 31 December 2019, the Bank's net profit from continued operations is TL 71.122 (31 December 2018: TL 17.150).

11. The explanations on net income / loss for the period:

- Net income includes a provision for possible risks provided by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions: None.
- Financial effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

None.

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V. Explanations and notes related to consolidated statement of changes in shareholders' equity

1. Information on dividends :

The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2019 to book legal reserves of TL 858, which is 5% of the distributable net statutory profit of TL 17.150 and the remaining amount of TL 16.292 has been decided to be reserved as extraordinary reserves.

2. Explanations on share certificates position risk from banking book:

Bank, Section III. Section and Section Four XI. As explained in the section, it applies cash flow hedge accounting and as of 31 December 2019, there is TL 24.258 after tax in the hedging funds (effective part) account in equity (31 December 2018: TL (68.858)).

3. Changes on after revaluation of financial assets at fair value through other comprehensive income :
None (31 December 2018 : None).

4. Reconciliation of currency rate differences at the beginning and end of the period: None (31 December 2018 : None).

5. Effects of previous adjustments on the opening balance sheet: This information is presented in Section Three –“XXIV. Explanations on TFRS 9 Financial Instruments Standard” (31 Aralık 2018: None).

6. Explanations on issuance of share certificates None (31 December 2018 : None).

VI. Explanations and Disclosures on Statement Of Cash Flows

1. The effects of the other items stated in the statement of cash flows and the changes in foreign currency exchange rates on cash and cash equivalents:

“Others” line amounting to TL 733.541 also includes the effect of change in foreign exchange rate on cash and cash equivalents.

“Net increase/decrease in other liabilities” line amounting to TL 715.285 in “Changes in bank operations assets and liabilities” consists of changes in miscellaneous payables, other liabilities and tax liability.

“Net increase/decrease in other assets” line amounting to TL 267.622 consists of changes in temporary accounts.

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the statement of cash flow:

Beginning of the period	Current Period	Prior Period
Cash	2.595.355	1.571.107
Cash in TL/foreign currency	175.198	182.435
Central Bank of Republic of Turkey	2.420.157	1.388.672
Cash equivalents	2.692.187	3.026.729
Receivables from banks and other financial institutions	2.002.187	286.729
Receivables from money market placements	690.000	2.740.000
Total cash and cash equivalents	5.287.542	4.597.836

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VI. Explanations and Disclosures on Statement Of Cash Flows (continued)

2. Cash and cash equivalents at beginning and end of periods (continued)

End of the period	Current Period	Prior Period
Cash	1.790.375	2.595.355
Cash in TL/foreign currency	192.338	175.198
Central Bank of Republic of Turkey	1.598.037	2.420.157
Cash equivalents	4.619.150	2.692.187
Receivables from banks and other financial institutions	2.559.150	2.002.187
Receivables from money market placements	2.060.000	690.000
Total cash and cash equivalents	6.409.525	5.287.542

VII. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) 31 December 2019:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	2.587	57.898	-	125
Balance at end of period	-	-	2.497	86.071	-	125
Interest and commission income	-	-	207	-	-	-

31 December 2018:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	304	21.257	-	147
Balance at end of period	-	-	2.587	57.898	-	125
Interest and commission income (*)	-	-	61	-	-	-

(*) As of 31 December 2018.

b.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	-	-	452.934	584.775	1.326	-
Balance at end of period	-	-	33.814	452.934	1.686	1.326
Interest on deposits	-	-	2.979	10.727	193	15

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VII. Explanations on the Risk Group of the Bank (continued)

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances (continued)

b.2) Information on forward and option agreements and other similar agreements made with related parties:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial assets at fair value through profit and loss						
Balance at beginning of period	-	-	10.673.688	64.525	-	-
Balance at end of period	-	-	11.966.589	10.673.688	-	-
Total loss/ profit (*)	-	-	440.620	156.621	-	-

b.3) Explanation on the benefits granted to the executive management of the Bank:

Gross payment made to the executive management as of 31 December 2019 is TL 17.377 (30 December 2018: TL 16.035).

VIII. Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of bank

	Number of Branches	Number Of Employees			
Domestic Branches	48	1.091			
			Country		
Foreign Representative Offices	-	-	-		
				Total Assets	Legal Capital
Foreign Branches	-	-	-	-	-
Off-shore Banking Branches	-	-	-	-	-

IX. Explanations and Disclosures Related To Subsequent Events

Antoine Najm has been appointed as Member of the Board of Directors beginning from 9 January 2020 per Board of Directors resolution dated 19 December 2019.

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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations on the Bank's operations

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. Explanations on Independent Auditors' Report

The unconsolidated financial statements for the period ended 31 December 2019 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative). The auditor's review report dated 26 February 2020 is presented preceding the unconsolidated financial statements.

II. Explanations and Notes Prepared By Independent Auditor

None.